

HRA CONTRACT FISCAL MANUAL

Revised

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Revised September, 2011

CONTRACT FISCAL MANUAL

Foreword

The New York City Human Resources Administration/Department of Social Services (HRA) is pleased to release this revised manual to assist contractors and auditors in understanding financial and reporting specifications that are contained in our contracts.

These contracts include but are not limited to the Parks Opportunity Program (POP), Substance Abuse Centralized Assessment Process (SACAP), Back to Work (BTW), HIV/Aids Services Administration (HASA), Individual Training Accounts (ITA), Domestic Violence, Wellness Comprehensive Assessment Rehabilitation and Employment (WeCARE), and Begin Employment Gain Independence Now (BEGIN). Each type of contract contains features that are unique and require the development of reporting and documentation formats to comply with the rules and regulations of the governmental agencies that are funding them. We recommend that you utilize this manual, even if your type of contract is not currently specified, as HRA intends to continue to add contract types to this process. Additionally, there is information of use for all human service contracts.

As you will note, we have enhanced this manual to include a wide array of topics that will assist you in managing your contract. Inside the manual you will find a set of instructions documenting the applicable policies and procedures of HRA in such matters as record-keeping, reporting, invoicing and claiming, budgeting, cost allocation, procurement and payroll, as may be amended by HRA. It is incorporated by reference to our human services contracts and may be found online at http://www.nyc.gov/html/hra/html/contracts/contracts_procurement.shtml. This manual is not intended to amend the material terms of the executed contract with respect to either scope of work, or the terms and conditions of the executed contract

While specific audit and reporting requirements will be identified, this manual is not an audit guideline. Rather, it will assist you in the financial management of your contract. Auditors will be expected to use American Institute of Certified Public Accountants (AICPA) Audit Accounting Guides and Statement of Positions, Government Accounting Office (GAO) and Office of Management and Budget (OMB) Circulars as well as audit guides available from the City of New York Department of Small Business Services and the Human Resources Administration in the development of their audit programs.

N.B. Sections related to programs/contracts that have ended have been deleted from this current edition of the fiscal manual. These sections are:

- Skills Assessment and Job Placement
- Employment Services and Placement
- Special Populations
- PRIDE
- RIPE

The contracts included in this manual are currently utilizing HRA's online Payment and Claiming System (PaCS) for payment of performance based milestones and/or reimbursement of line item expenditures.

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CHAPTER 1

Contracts

A. Overview of Contracts

HRA continues in its effort to assist economically disadvantaged persons to gain self-sufficiency through employment. As a result, the Agency has been entering into contracts with both for-profit and not-for-profit vendors to provide needed services. These contracts are designed to provide services leading to job placement and long-term employment retention.

Most of these contracts are performance-based or provide a combination of performance and line item payments for successful outcomes. The milestone payments are designed to allow for-profit contractors a reasonable profit and not-for-profit contractors to reinvest a reasonable amount of program income in their programs. Even the programs reimbursed on a performance basis may have their expenses captured in the line item module of the Payment and Claiming System.

All contracts are funded through a combined mix of funding streams, including Temporary Aid to Needy Families (TANF), Safety Net and Food Stamp and Employment Training (FSET) funds as well as other funding streams.

Descriptions of the contract types are as follows:

1. BACK-TO-WORK (BTW)

The Back-to-Work Program was developed by the New York City Human Resources (HRA). The goal of the program is to provide job readiness training and placement services to applicants, recipients of Cash Assistance (CA), Non Custodial Parents (NCP), Food Stamp Only clients, and Emancipated Youth 18-21 years of age referred by the Administration for Children Services (ACS). Through these services it is expected that non-exempt and some exempt employable individuals will successfully transition from PA to employment and become self-sufficient. Participants in BTW programs work with a single employment services provider from application throughout the duration of service, allowing them to build a stronger relationship with the provider which will lead to more successful job placement and retention. The Program focuses on assessing the client's needs and preparing them for work, job placement, job retention, and career advancement.

2. BEGIN

The BEGIN Managed Programs were developed by the New York City Human Resources (HRA) to prepare low-level literacy and or limited-English-proficient participants with literacy and communication skills to help them become employed. Begin Work Study (BWS) provides Adult Basic education (ABE) to

General Equivalency Diploma (GED) coursework. BEGIN Language Work Study (BLWS) provides instruction in English through English as a Second Language (ESL) coursework. BEGIN programs are available to CA participants 19 years of age or older who lack basic skills in reading, writing, arithmetic and/or English proficiency. These skills are provided in a concurrent education/work study model for 35 hours a week.

3. Domestic Violence

The Office of Domestic Violence (ODV) provides temporary housing, emergency shelter and social services to victims of domestic violence in crisis. The DV Liaison Units station social workers in Job Centers to assess and counsel domestic violence victims. They outline recommended engagement plans that may include counseling, working, attending General Equivalency Diploma (GED) or English as a Second Language (ESL) classes, obtaining job or skills training, or performing unsubsidized work. The Liaison Unit workers help coordinate work and work-related activity. Other DV programs include the Substance Abuse/Domestic Violence program, the Adopt-a-School program and the Literacy Program, all of which give additional services to the victims of domestic violence.

4. HASA

The HIV/AIDS Services Administration (HASA) provides expedited access to benefits and social services needed by persons living with AIDS or advanced HIV illness and their families. In addition to specialized intake and needs assessment, and direct linkages to PA, Medicaid, Food Stamps, Home Care and Homemaking, there is intensive case management and permanency planning for the target population. HASA also provides housing services and placements, voluntary vocational counseling and rehabilitation, assistance with SSI and SSDI applications, and referrals to community based resources.

5. ITA

Individual Training Accounts (ITAs) are established for eligible participants to cover training costs to assist them in entering the workforce or upgrading their job positions. After an assessment, HRA's Employment Services authorizes participation in a State-approved educational or training program for these individuals. Program costs must meet pre-approved time limits. Training institutions are eligible to receive voucher payments after participants achieve certain milestones

6. POP

The Parks Opportunity Program (POP) provides subsidized employment in the NYC Parks Department for those participants which HRA designates as eligible. The program's aim is to hire CA recipients and move them to permanent full time jobs. While at Parks, they participate in job training and development. Parks has relationships with private companies and works with them to secure employment for the participants. HRA does not pay the initial placement to Parks

for placements into jobs in other City agencies. However, HRA will pay the retention milestones if they are achieved.

7. LIDS

The Low-Income Dads Program (LIDS) was established to engage low-income non-custodial fathers in the lives of their children and increase their compliance with child support. Specifically, the program is designed to (a) help young, low-income, non-custodial fathers gain and sustain employment and engage financially and emotionally with their children, (b) recruit and engage disengaged fathers and connect them to the formal child support program and (c) establish productive relationships between custodial and non-custodial parents that lead to better father/child relationships.

8. SACAP

The Substance Abuse Centralized Assessment Program (SACAP) provides for the evaluation of PA applicants and recipients who may be abusing alcohol or drugs and their assignment to the appropriate level of care. HRA contracts with vendors to perform thorough evaluations and assignments to care. It is expected that the participants will ultimately be able to enter employment programs or the workforce.

9. WeCARE

The Wellness Comprehensive Assessment Rehabilitation and Employment (WeCARE) program provides a continuum of assessment, treatment, and rehabilitation services for CA applicants and recipients with medical and mental health conditions. The goal of the WeCARE program is to help these CA recipients attain and maintain their maximum level of self-sufficiency by providing comprehensive and integrated services. HRA contracts with qualified vendors to provide WeCARE services to eligible CA applicants and recipients.

B. Contract Requirements

All contracts are funded through a combined mix of funding streams consisting primarily of Temporary Aid to Needy Families (TANF), and Food Stamp, Employment Training (FSET) funds, and grants as appropriate. As it is essential that there be compliance with all funding source regulations and documentation needs, contract and reporting specifications are designed to meet the most detailed source requirements when they overlap and there is no conflict. In instances, where the requirements of one program do not fully account for the needs of other funding sources, supplementary documentation and financial information is required.

C. Audits

All programs must be audited in accordance with their contract. Contractors, in most circumstances, will be responsible for obtaining the services of an

independent auditor and insuring that the audit is concluded within six months of the completion of the fiscal period covered by the audit. The type of audit required will depend on such factors as whether the contractor is a for-profit or not-for-profit organization and whether the amount of federal funding exceeds \$500,000 and is received from two or more federal funding sources. Not-for-profit organizations which do not spend \$500,000 annually in Federal funds or receive federal funds from only one federal funding source may be assigned an auditor by HRA. The audit must be submitted to HRA upon its completion.

Audit reports must conform to *Government Auditing Standards* and must contain the appropriate supplemental schedules listed in the *Human Resource Administration Audit Guide*. Audits conducted in accordance with OMB Circular A-133 must adhere to its reporting requirement and include the additional supplemental schedules required by HRA. A copy of all A-133 reports submitted to HRA should be sent to the Bureau of Audit Review and Contracting (email to molanphyj@hra.nyc.gov and chinj@hra.nyc.gov or mail to 180 Water Street, 22nd floor, New York, NY 10038).

Specific schedules required for these contracts are,

- a. Statement of the Entity's Assets, Liabilities and Fund Balances.
- b. Schedule of Revenue and Expenditures and Changes in Fund Balances.
- c. Schedule of the Current Cumulative Questioned Costs.
- d. Schedule of the Fixed Assets Inventory.
- e. Schedule of Consultants
- f. Schedule of the auditor's adjustments to the voucher data submitted to the Agency.

In addition, a certified statement must be provided indicating that program income or profit permitted to be retained for reinvestment purposes was reinvested back into the organization's programs in accordance with the general reinvestment plan submitted and approved by the Agency (as appropriate).

Agencies receiving government funds are held to a much higher degree of accountability from both the general public and elected officials. As a result lower standards of materiality are to be used when reporting questioned costs and fraud. All questioned costs are to be deemed material and any fraud that the contractor or auditor is aware of must be reported to the Agency immediately.

HRA's Finance Office will make available, upon the request of the auditor, at the end of the year documentation detailing reported expenditures and payments. **The auditor must evaluate the adequacy of the contractor's procedures to**

process invoices, to determine if the total valid invoices for the audit period are supported by the contractor's books and records, and to determine whether the contractor has appropriate fiscal controls in place to ensure the integrity of the program. See definition of Internal Control in Section D below.

In addition to the required audits by Certified Public Accountants, HRA reserves the right to send its own staff or contracted agents to contractor sites to review all records for compliance with fiscal and programmatic requirements.

D. Internal Controls

Internal control is a major part of performance-based management. It consists of the plans, methods, and procedures used to achieve an organization's missions, goals and objectives. Control activities are the policies, procedures, techniques and mechanisms that enforce management's directives, and are an integral part of an entity's planning, implementing, reviewing and accountability.

In addition, internal control is the primary method for safeguarding assets and preventing and detecting errors and fraud. Therefore, internal control should provide reasonable assurance that organizational objectives are being achieved in the following categories:

- Effectiveness and efficiency of operations including the use of the entity's resources,
- Reliability of financial reporting, including reports on budget execution, financial statements, and other reports for internal and external use; and
- Compliance with applicable laws and regulations.

Examples of control activities include:

- Top level reviews of actual performance,
- Reviews by managements at the functional or activity level,
- Management of human capital,
- Controls over information processing,
- Physical control over vulnerable assets,
- Establishment and review of performance measures and indicators,
- Segregation of duties,
- Proper execution of transactions and events,
- Accurate and timely recording of transactions and events,
- Restricted access to and accountability for resources and records, and
- Appropriate documentation of transactions.

E. Fund Accounting

The United States Department of Labor, the funding agency of Food Stamps Employment and Training (FSET), requires that the accounting system be established on a fund basis. A fund is defined as a self-balancing set of

accounts recording all assets and related liabilities and fund balances. Contractors should establish those funds necessary to meet its accounting and reporting needs. A minimum of one fund per year is required. The most prevalent fund is the General Fund, which is used to account for all financial resources except those required to be accounted in another fund. The General Fund may be used to account for funds usually accounted for in a special revenue fund unless law requires the need for this fund.

F. Cost Allocation Plans

Contractors are required to submit written cost allocation plans within six weeks from the start of the contract that accumulate and distribute allowable direct and indirect costs and identify the allocation methods used for distributing the costs. The cost allocation plan should, at a minimum, include the following elements:

- a. Organization chart that identifies all departments, types of services provided, and staff functions that are chargeable to the different funding sources.
- b. Description of the types of services they provide, and their relevance to the different funding sources.
- c. Copy of financial statements or budgets.
- d. Expense items included in the cost of services. This would include all joint or pooled costs needing to be allocated.
- e. The methods used in distributing the cost to the benefiting cost objectives.
- f. Certification by an authorized organization official that the plan has been prepared in accordance with applicable requirements.

Cost allocation plans should be updated when there are changes in the basis of allocations and submitted to the:

Human Resources Administration
Bureau of Accounting & Special Programs
180 Water Street 8th Floor
New York, N.Y. 10038
Attn: Director

G. Participant Tracking

Contractors will have to maintain participant-specific information and meet all applicable reporting requirements. Presently, two reporting systems are to be used.

- a. For CA clients, the contractors use the New York City Work Accountability and You (NYCWAY) web-based system. HRA staff also uses this system to track the progress of participants towards their goals of self-sufficiency.
- b. HRA uses the Workforce Information System Automated Reporting Database (WISARD), an Intranet system, to track non-CA participants. Non-CA recipients include customers referred by HRA's Office of Child Support Enforcement (OCSE) and the Administration for Children's Services (ACS)

Both NYCWAY and WISARD feed into the Payment and Claiming System (PaCS), which satisfies the payment and claiming requirements of all the funding streams.

Information stored in these systems must be accurate, complete, and maintained in a timely fashion. Corroborating documentation will have to be stored in a way that maintains its integrity and admissibility as evidence in an audit or any other proceeding. It must be readily retrievable.

The specific requirements for eligibility for participation in these contracted programs are defined in their contracts with HRA in its role as the Social Service District responsible for administering TANF, Safety Net, Welfare-To-Work and Food Stamp Programs. All services that are being funded are being provided to participants identified by HRA as eligible or potentially eligible for services.

H. Profit and Program Income Limit

Contractors are funded on a performance-based, expense-based or combination basis, for which unit costs and/or budgets have been established. For-profit service providers are permitted to earn a profit and not-for-profit service providers are permitted to earn program income. Profit and Program Income will be measured, based on the following computation: Excess Revenue, defined as total revenue less expenditures, divided by total revenue, equals the profit or program income percentage.

Program income is defined and examples of types of program income are listed in 29 CFR 97.25. Program income is defined as "the gross income received by a grantee or sub-grantee directly generated by a grant-supported activity, or earned only as a result of the grant agreement during the grant period". In addition to fees for service in excess of expenditures, it includes other items such as user or rental fees and sale of products. Excluded from program income are items such as applicable credits, proceeds from the sale of property and profits earned by a commercial for-profit organization.

The term "program income" is used exclusively for not-for-profit organizations that are in receipt of federal funds. It is in some respects similar to the term "profit" that is employed by commercial for-profit organizations; however, there are restrictions on the use of program income set by the United States

Department of Labor that does not apply to commercial for-profit organizations. Namely, not-for-profits are required to use 100% of program income to enhance services.

The contract provides that all contractors are permitted to earn a 15% profit or program income over the term of the contract for services. For-profit contractors are required to reinvest any profit in excess of 10% and up to the 15% limit into the organization by the completion of the contract. All contractors are required to return to HRA all profits or program income exceeding the 15% limit when the contract term is completed.

At the beginning of the contract period, but no later than six weeks into the contract year, contractors are required to submit a plan to HRA for approval identifying how program income or profit designated for reinvestment will be used. The primary limitation is that the plan must be reasonable and assist participants. Generally, they can be dedicated to assist participants end dependency by, promoting job preparedness, skill development, work and marriage, providing services to strengthen families, reduce teen pregnancy, reduce school dropout rates, assist the disabled and elderly, and provide assistance to the needy. HRA will notify contractors within thirty days of receipt whether their plan was approved.

Program income and profit designated for reinvestment, must be reinvested by the end of the contract and renewal term(s). Within 90 days of the completion of the current contract term, contractors are required to submit a report detailing program income and profit designated for reinvestment expenditures. Please ensure that all profit used for this or any appropriate program clearly segregates the profit-supported expenditures from those of the line item budget of the program. (* Please see the example below.) All unexpended program income and profit designated for reinvestment earned during the current term of the contract must be returned to the Agency.

***Example of Report Detailing Program Income and Profit, Segregated from Line Item Budget Expenditures:**

Not-for-profit organization XYZ has a contract for \$125,000 for their Program for Fiscal Year 2006 (FY '06). They submitted a plan for how profit income of up to \$18,750 would be spent to enhance the program with a computer lab for their participants' use.

The following represents their income and expenditures for FY '06.

Milestones Income	\$125,000
Line Item Budget	100,000
Line Item Expenditures	
Personnel	60,000
OTPS	40,000
Total	100,000

Program Income reinvested	13,000
Program Income Earned	25,000
Allowed Program Income	18,750
Program income returned to HRA	\$12,000

XYZ earned \$25,000 in program income from the Program. They are limited to a maximum of \$18,750 due to the 15% cap. They submitted a plan to use the program income on a computer lab and spent \$13,000 of the possible \$18,750 allocated for the project. Therefore, the total amount of program income returned to HRA is \$12,000. This includes the \$6,250 (\$25,000 program income earned through milestones - \$18,750 maximum program income allowed = \$6,250) and \$5,750 in unspent program income (\$18,750 budgeted to enhance the program - \$13,000 actually reinvested to enhance the program = \$5,750.) The Program Income earned and reinvested is reported separately from the line item budget and expenditures.

I. Financial Reporting and Payments

Contractors are required to monitor monthly expenditures and report them to HRA. Expenditures are restricted to activities permitted by the contract, federal and state law, and regulations of the funding sources. Reported costs must meet the following generic qualifications:

- a. They must be reasonable and necessary for the performance and administration of Federal Awards.
- b. They must be allocable to a particular cost under the provisions of OMB's cost principles circular.
- c. They must be authorized or not prohibited under federal, state, or local laws, regulations or policy.
- d. They must receive consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances.
- e. They must be adequately documented. This includes being accurate, complete and readily available.
- f. They must be net of all applicable credits that result from transactions that offset direct or indirect costs.
- g. Indirect costs charged to these contracts must be supported and consistent with a cost allocation plan submitted and approved by HRA.

Contractors are required to submit monthly records of expenditures and requests for line item reimbursement by the tenth day of the following month. Other than an approved initial advance, payments will not be released to the contractor unless expenditure data has been received. Expenditure data and payment requests are to be provided in accordance with the agreed upon formats established between the contractor and HRA and must contain all agreed upon information. In addition, payments will also be held back if the Finance Office is notified by the HRA program that the contractor has failed to provide required programmatic reports.

The process for reporting expenditures has been simplified and is being incorporated into the WEB-based PaCS system. At this time, different contract types submit different expenditure reports, but HRA created a generic expenditure report that will satisfy the requirements of all of the programs involved. While vendors continue to be required to submit actual expenditure data each month, not all vendors are reimbursed based on them.

As the Agency has reduced the amount of expenditure detail that must be reported monthly by certain vendors, it is expected and required that each contractor's financial records will be maintained in sufficient detail to readily document the basis of the expenditure information reported to HRA.

Performance milestone payments to contractors will be based on levels of service provided in accordance with negotiated unit prices. The ratio of expense to income will fluctuate from month to month. Cumulative payment and expenditure data will be retained and, if necessary, an adjustment will be made to the last month's payments and during the close-out process to insure that contractors' payments do not exceed the agreed upon profit margin.

J. Program Income/Profit Cap

Contractors with multi-year contracts will not be permitted to exceed the profit or program income margins established for the term(s) of the contract. However, on an annual basis contractors may exceed the profit or program income limits in order that they may be permitted to earn the maximum allowed under the terms of the contract.

K. Transportation

Transportation costs required by participants in order to attend their work or work related activities (including pre-employment engagement activities), will be paid for by HRA and are entirely outside the contract. Contractors will disburse transportation funds or Metro Cards to participants who do not receive this service directly from HRA. Included here are CA recipients and applicants who have been placed in employment and are no longer receiving carfare and non-

CA individuals referred by ACS and HRA/OCSE who require carfare to engage in active job search or training activities or are employed.

Carfare should not exceed the prevailing price of a 30-day unlimited Metro Card unless the participant is traveling outside the area covered by the MTA's Metro Card. If the participant is traveling outside the area covered by the MTA's Metro Card, the contractor can reimburse the participant for carfare at the cost of public transportation to the place of work. In addition, documentation for reimbursement at a cost greater than the prevailing price of a 30-day unlimited must include the address of the employer and documentation supporting the cost of public transportation such as round trip ticket or fare schedule for the area where the employer is situated.

Post-employment carfare has been automated for BTW clients. It is available for up to three months once a BTW client is employed, as a transitional payment that enables the client or former client to move to self-sufficiency. Transitional payments are available for former CA clients for three months after Job Start Date. BTW contractors will receive reimbursement from HRA for post employment transportation costs based on the submission of Metro Card reimbursement requests on PaCS. If the requests meet the established guidelines, the expenses will be reimbursed.

Pre-employment carfare is available for participants who do not receive transportation costs as part of their benefits. HRA will reimburse the vendors for transportation costs they have provided to these participants, based on bi-weekly data received from the automated attendance system.

For Pre-Employment Carfare the Department introduced a Pre-Employment Report module to PaCS TRACS. The report assists contractors in reconciling payments with pre-employment carfare disbursements to participants.

For other programs, transportation reimbursement is a manual process at this time contractors will receive reimbursement from HRA for post employment transportation costs based on the submission of a disk containing an Excel spreadsheet with the following information for each client served during the reporting period:

- Client Name (Last name, first name in separate columns)
- Client Social Security Number (No spaces between numbers)
- Client Case Number (Case number suffix and line number in separate columns)
- Date Disbursed (YYMMDD)
- Number of trips Taken During Reporting Period
- Type of Card Distributed (Daily, Weekly, or Monthly)
- Amount to be Disbursed
- Assignment Date
- Date of Placement

Contractors must retain the actual departure and arrival locations in the report on file, and it must be readily available for audit purposes or at the request of HRA to substantiate or document the reports submitted for reimbursement of transportation expenses.

L. Other

Vendors may have access to and are encouraged to obtain other non-City resources, often in the form of private donations. In instances such as this, these additional resources may be used as the local and possibly the state match to obtain federal matching funds. In order to proceed to use other resources, vendors must notify the HRA Executive Deputy Commissioner of Finance in writing with a copy to DAPR. Please address the letter to:

Human Resources Administration
Finance Office – Executive Office
180 Water Street 11th Floor
New York, New York 10038
Attn: Executive Deputy Commissioner of Finance

Please provide the following information:

- a. An explanation of the type of funds, i.e., private donations
- b. The amount of funds available
- c. Whether the funds are one-time or on-going
- d. A letter of commitment that shows the funds have been awarded to you for the amount and duration indicated.
- e. A description of the purpose for which you want to use the funds

HRA will then schedule a meeting with the vendor to discuss your submission and to discuss both performance and financial milestone payments. The milestones should reflect the enhancements offered to the Agency as a result of the increased funding and overall goals of the program. All expenses and revenues associated with non-City resources would have to be contained in their own fund, readily distinguishable from all other funding sources.

Should the need arise vendors must be able to provide HRA at minimum with the names, social security numbers and address of these participants receiving services with non-City funds so the Agency can determine the individuals' eligibility for various federal or state funding.

CHAPTER 2

FINANCIAL FORMS AND PAYMENT PROCESS

This chapter discusses the financial reporting requirements. Employment contractors must use the Contract Expenditure Report to report monthly expenditures at this time. HRA has implemented the automated PaCS line item contracts module. Contractors will need to comply with instructions identifying requirements governing programmatic and fiscal processing. A brief description of important documentation requirements is included in this chapter. A brief description is also provided of the payment process that will be used to provide and account for contractual advances. Included are a series of examples depicting potential end of year payment adjustments for exceeding the profit/program income cap.

A. Contract Expenditure Report

This form is designed to capture monthly expenditures in a manner that will meet HRA reporting requirements. Monthly, the contractor is required to capture all direct and indirect expenditures.

Each category of expenditures is to be further broken down into three columns: Cumulative Through Prior Month, Current Month, and Cumulative. There are to be no adjustments permitted to the Cumulative Through Prior Month expense without express approval from HRA.

The chart of accounts is broken down into the following two types of expenditures:

1. Personal Services (PS)

Personal Costs include payments of salary, overtime, holiday pay and bonuses to full time and part time employees working or allocated to the contract. It includes fringe benefit payments made on the behalf of employees such as medical, retirement, FICA and Workmen's Compensation.

2. Other Than Personal Services (OTPS)

OTPS includes all direct or indirect allowable charges that are not allocated to the Personal Services category.

The Employment Contract Expenditure Report is due by the 10th day of the month for the prior month's activities. The reports are to be sent to:

Human Resources Administration
Division of Accounts Payable and Reporting
180 Water Street -8th Floor
New York, New York 10038
Attn: Director DAPR

Please note, HRA will not issue payments if the monthly expenditure report is not received by the required due date.

B. Payment Request Submissions

The Payment request format that was initially used by HRA for performance-based contracts had been modified to accommodate the fully automated web-based Payments and Claiming System (PaCS). It is anticipated that contractors not currently using PaCS will be integrated into the system as quickly as possible. This system has been enhanced to accommodate other than performance based-contracts. PaCS summarizes on a participant-specific basis, services provided and milestones achieved. It also provides the Agency with the necessary data to appropriately claim reimbursement from government sources. Contractors continue to comply with current instructions identifying requirements governing programmatic and fiscal processing.

The automated system facilitates the transmission of data between the contractor, HRA staff, and the computer systems that are used to verify information submitted for payment and enter required tracking and claiming information. The system facilitates the receipt of participant data, milestone achievement, service provision, and payment requests. It tracks in real time the status of payments made, payments pending, and reasons for payment denial, and provides an interactive avenue to resolve payment problems.

PaCS is being implemented in several phases. Currently Employment Vendors, NADAP, WeCARE, ITA, and LIDS programs utilize this system. It is expected that eventually all Human Service contracts will be paid and tracked through this system. HASA, APS, BTW, LIDS, NIP, ODV and WeCARE programs currently utilize the line-item module of the PaCS system to request reimbursement of monthly expenses.

Additional information regarding the web-based system will be sent under separate cover as necessary. As HRA is always looking for ways to improve the documentation and verification processes utilizing technology, we will continue to update you as these systems emerge. We also welcome any suggestions you have to improve the payment process.

The next generation of PaCS (PaCS Web) is currently in development and will be implemented shortly with Food Stamp Employment (FSE) as the pilot.

PaCS Web provides enhanced functionality for the vendor, including a powerful suite of inquiry functions as well as the ability to download data directly to their systems and build a local history of their payment activity.

As PaCSWeb is further developed, all milestone payments processed on the current PaCS system will migrate to PaCSWeb.

C. Documentation Requirements

All Back to Work programs' milestone documentation must be scanned and available on the HRA viewer. All other programs milestone documentation must be sent to:

Human Resources Administration
Finance Office - Accounting and Special Programs
Division of Employment Placement Verification
180 Water Street – 8th Floor
New York, NY 10038
Attn: Director (DEPV)

1. Employability Plan

The contractor completes the appropriate section of the Employability Plan (W584-A) on the web-based system (NYCWAY).

For Back to Work programs only, an assessment is reimbursable so long as testing is included in the objective assessment process and it is completed thoroughly. The steps for payment are as follows:

- Vendors scan a copy of the appropriately signed and scored Employability Plan into the HRA Viewer.
- Vendors are required to retain a copy of the assessment on file for their records and future audit purposes. The assessments must be fully completed and retained in a readily retrievable manner.
- The achievement of the Employability Plan (EP) milestone is the date the EP completion code is posted on NYCWAY. PaCS recognizes an action code and a referral code in NYCWAY and initiates payment upon receipt of the vendor's request for payment in the PaCS system.
- A vendor will be paid for only one Employability Plan per six-month period per participant, based on the date the EP was input in NYCWAY
- Non-CA and Food Stamp clients are not eligible for EP payment.

2. Employment Milestones

A “placement” is defined in your contract as “entry on an employer’s payroll for paid employment, for not less than twenty (20) hours per week...” The contractor must submit participant documentation on an ongoing basis to support milestones entered on the web-based system. For PA participants the Form FIA 3A is the first step in documenting employment. It notifies the Agency that a participant is employed, and in the case of CA recipients it initiates actions to re-budget or close the case and provide childcare and transitional benefits. The FIA 3A must be submitted within one week after the participant starts working. This information is necessary because the failure to re-budget a case in a timely manner can result in overpayments to a participant.

In addition, the FIA 3A is to be completed when there is a change in employment status, such as a new job placement after the initial placement was reported or an increase in salary or hours worked. Sampling will include a check of the FIA3A to ensure that job placement milestones submitted match the FIA 3A of record.

The following documentation is also required:

a. Initial Placement

Contractors must verify placement for permanent or temporary jobs by submitting either 1) a dated pay stub, 2) a copy of a pay check, 3) a letter signed by the employer, participant and contractor attesting to the fact that the participant is working at the reported wages and hours, 4) the Employment Verification Form, or 5) documentation obtained from an Employment Clearinghouse. A placement is deemed achieved only upon the completion of 30 days of continuous employment in the job after the start date of the position.

The following guidelines represent the Agency’s policy regarding placing BTW Employment Contract participants on your own agency’s payroll:

Vendors may NOT claim a placement milestone under their Employment Contract for participants placed onto their organization’s own payroll in any position that is subsidized by HRA, where the vendor is receiving the subsidy. This includes individuals participating in Grant Diversion administered by HRA’s Business Link.

b. Job Retention and Career Plan (JRCP) Effective 2/1/2011 this is no longer a payment point

c. Retention Milestones

Contractors must verify retention by submitting documentation showing employment during the time for which payment is being requested. This can take the form of 1) a dated pay stub, 2) a copy of a pay check, 3) a letter signed by the employer, participant and contractor attesting to the fact that the participant is working at the reported wages and hours as of the retention milestone date, 4) the Employment Verification Form, or 5) documentation obtained from an Employment Clearinghouse.

Please note that with 90-day and 180-day retentions:

- The employer does not have to be the same employer for whom the participant had been working at the initial placement.
- If a participant leaves a job, but obtains employment elsewhere within 7 days, this is considered continuous employment (applicable to programs requiring continuous employment). **Retention is tracked from the start date on the initial placement.**

Additional Requirements: The FIA 3A is filled out for PA cases by completing the electronic FIA 3A contained in NYCWAY. If there is any change in employment status, such as increased earnings, different hours or a job change, a new FIA 3A must be completed.

One payment each for 90-day and 180-day retention will be paid in a 12-month period for each participant for each vendor, based on the retention creation date.

Time Limits: Effective January 15, 2004, all documentation of milestones and subsequent retention milestones must be received by HRA no later than your contract's specified number of days from the date each milestone is achieved. Milestone information and documentation received after the contract's specified number of days deadline will not be honored.

Time Limits Table

PROGRAM	# Days from the date of achievement of milestone
BTW	75 (75 days from JSD for placement)
BEGIN	75
POP	90 days of the milestone being achieved
LIDS	75
WeCARE	90 (90 days from JSD for 30 day retention)

The vendor may be reimbursed in the future for the 90- and 180-day retentions, even though an initial placement was not paid, if the placement documentation has been submitted within the required timeframes and successfully verified.

Contract Renewals: The initial placement milestones that are achieved subsequent to the start date of the renewed contract are paid the rates of the renewal contract, as will the retention payments for those placements. Contractors have six (6) weeks from the end of the original contract to submit documentation for payment for initial placements that occur prior to the start of the renewal contract in order to be paid under the original payment schedule. Retention milestone payments for placements made and paid under the original contract will be paid according to the original contract payment schedule as well. Initial placements made during the original term of the contract, but not submitted within the six-week window from the end of the original contract, will be paid under the renewal payment schedule.

3. Non-Employment Milestones- WeCare

a. Biopsychosocial (BPS) Phase 1 and Phase 2 Assessment Milestones

The Biopsychosocial (BPS) assessment is used to determine the level of employability of an individual who claims (a) medical or psychiatric condition(s) that impacts his/her ability to participate in HRA-required work activities. The WeCARE vendor provides a BPS assessment to all participants referred to the vendor by HRA Job Centers or designated HRA contractors. While a standard medical and psychological examination suffices in most cases, a significant number of participants require specialty exams as well. Based on the results of the BPS assessment, the WeCARE vendor creates a Comprehensive Service Plan (CSP) that defines the steps necessary to enable participants to achieve the highest possible level of self-sufficiency.

The BPS assessment results in a Functional Capacity Outcome (FCO) which can be one of the following determinations:

- Fully employable and therefore referred back to the job center
- Employable with limitations requiring minimal accommodations or Vocational Rehabilitation Services (VRS)
- Temporarily unemployable requiring a Wellness Plan to treat/stabilize unstable or untreated medical/psychiatric conditions that affect employability
- Unemployable for 12 months or more and therefore referred for assistance in applying for federal disability benefits.

Upon completion of the CSP, the vendor may submit for the BPS Phase 1 assessment milestone. If the assessment included specialty medical/psychiatric exams, the vendor may also submit for the BPS Phase 2 assessment milestones. One BPS Phase 2 milestone may be submitted for each specialty exam conducted, up to a maximum of 3 medical specialty submissions/exams.

The WeCARE vendor has up to 12 business days from the most recently scheduled WeCARE appointment to complete the BPS Phase 1 assessment and BPS Phase 2 assessment milestones. The WeCARE vendor must then complete the CSP within 5 business days. Once the CSP is completed, the vendor has 90 days to submit the milestones for payment.

Participants who report a new and acute or worsened medical/psychiatric condition that they think affects their employability at any point in the WeCARE process are referred for an appointment with WeCARE's Clinical Review Team (CRT). The CRT, which is comprised of clinical staff, makes determinations on whether a participant's most current FCO determination is appropriate. Based on the outcome, if the CRT determines that the client has a new and acute medical/psychiatric condition, the participant is referred for a new BPS Phase 1 assessment, or Phase 2 assessments. Depending on the nature of the new and acute medical/psychiatric condition, some participants will only require a general medical examination (BPS phase 1), others may only require medical/psychiatric examinations (BPS phase 2), while still others will require both. If the participant has a new and acute medical condition and has already had a BPS assessment within the last 12 months, the vendor can submit for these additional BPS assessment milestones upon updating the participants CSP. All other BPS Phase 1 and Phase 2 assessment milestone rules must be met in order for the vendor to obtain payment for these additional BPS assessment milestones.

b. Wellness/Rehabilitation Plan Milestone

For those participants who are determined to be temporarily unable to work due to untreated or unstable medical/psychiatric conditions, the WeCARE vendor will create a Wellness/Rehabilitation Plan that specifies the medical/psychiatric conditions that require treatment. If the participant does not have a medical provider, the WeCARE vendor assists the participant in obtaining one. As applicable, the WeCARE vendor provides intensive case management and helps the participant comply with treatment.

Upon successful completion of the Wellness/Rehabilitation Plan, the individual's Functional Capacity Outcome is re-evaluated. The participant may be determined to be either fully employable, employable with limitations requiring minimal accommodations, employable with limitations requiring vocational rehabilitation, or unable to work. Once the new functional capacity is determined, the WeCARE vendor may submit for the Wellness/Rehabilitation Plan milestone. The WeCARE vendor has a maximum of 2 periods of 90 days each, for a total of 180 days, from the Wellness/Rehabilitation Plan initiation to complete this milestone. Once completed, the vendor has 90 days to submit the milestone for payment. The Wellness/Rehabilitation Plan milestone is only paid upon completion of a Wellness/Rehabilitation Plan that results in a new functional capacity determination.

In exceptional cases, Customized Assistance Services may authorize an additional extension for a participant's wellness plan. For these cases the WeCARE vendor has a maximum of 270 days from the Wellness/Rehabilitation Plan initiation to complete the milestone. All other Wellness/Rehabilitation Milestone rules must be met in order for the vendor to obtain payment for the extended plan.

Participants with completed wellness plans who are determined to be fully employable or employable are referred back to the Job Center. Participants who are determined to be employable with limitations requiring minimal accommodations or requiring VRS are referred for a Diagnostic Vocational Evaluation (DVE). Participants who are determined to be unable to work are assisted by the WeCARE vendor in applying for Federal disability benefits.

c. Diagnostic Vocational Evaluation (DVE)/Individualized Plan for Employment (IPE) Milestone

The DVE is a hands-on vocational assessment that identifies the participant's vocational strengths and weaknesses. The WeCARE vendor conducts a DVE for participants who are employable with limitations requiring accommodation or requiring VRS. Participants are required to be engaged for 25 hours per week during the DVE. Once the DVE is completed, the WeCARE vendor creates an Individualized Plan for Employment (IPE) with the participant. The IPE which is based on the results of the DVE describes the:

- Specific vocational, educational, employment, treatment, rehabilitation, counseling, accommodations and supports required by the participant to be able to obtain self-sufficiency
- Participant's short and long-term employment goal(s) and specifies measurable and manageable objectives and activities to be undertaken and achieved within defined time frames.
- Participant's functional strengths and limitations
- Responsibilities of the WeCARE vendor, the participant, and other service providers to help the participant attain his/her employment goals.

The IPE is signed by the WeCARE vendor and by the participant. Upon completion of the IPE, the WeCARE vendor may submit for the DVE/IPE Milestone. The WeCARE vendor has up to 7 calendar days from DVE End date to post the IPE completion. Once completed, the vendor has 90 days to submit the milestone for payment.

Once the IPE is complete, the participant will be referred to WeCARE work activities as specified in the IPE.

DVE/IPE Exception

Each case is normally allowed only one DVE/IPE Milestone per lifetime. In exceptional cases, Customized Assistance Services may authorize an additional DVE/IPE for a participant. For these cases, the WeCARE vendor may submit for an additional DVE/IPE milestone. All other DVE/IPE Milestone rules must be met in order for the vendor to obtain payment for the additional DVE/IPE.

D. PaCS TRACS

PaCSTRACS (PaCS Transaction Current Status) is a web-based computer application that provides the current status of payments to HRA Vendors for milestone-based contracts. Via a secured connection, authorized HRA Vendors and HRA staff may quickly track payment status from initial request through approval and payment completion. The system also enables the user to download their data to their own systems, where they may perform further analysis or maintain historical data.

OTHER FACTORS IMPACTING PAYMENT:

- Reports - failure to submit required expenditure reports or other reports as may be required by HRA will result in withholding of payment pending the receipt of the reports.
- Pending Milestones - The PaCS system contains a section reserved for vendors to hold milestones pending their receipt of verification. Once received, the vendor submits the milestone for payment.
- Milestones will be allowed to remain in a pending status for up to the number of days specified in your contract from the date the milestone was achieved. HRA will then remove the ability to bill for that milestone. All cases that have missed their 'window of opportunity' to submit a milestone payment request with supporting documentation will, after each allotted time period, be moved into the milestone Paid column and be highlighted in RED, indicating a missed opportunity for payment.
 - Using the attached sampling instrument, HRA will conduct a statistically valid sample of documentation pertaining to clients served to confirm compliance with HRA requirements. Failure to comply may result in a disallowance, and recoupment. (See F. below)

E. Payment Process – Advances

Not-for-profit vendors may receive a two-month advance at the start of the contract, equal to one-sixth of the annual contract award. **Vendors must**

deposit any advance payments in an interest-bearing account at a financial institution which is (a) a member bank of the Federal Reserve System, (b) an “insured” bank within the meaning of the Act creating the Federal Deposit Insurance Corporation, or (c) a credit union insured by the National Credit Union Administration.

An advance will be recouped during the course of the contract in accordance with Agency policy, no later than the last year of the contract. In the event of the contract is terminated the vendor will be required to return the two-month cash advance. In addition, upon mutual consent of the Department and vendor, an additional advance may be granted in accordance with Comptroller’s Directives.

F. Payment Verification

Contractors will continue to submit supporting documentation to HRA to obtain payment for services and milestones either through the scanning process or delivery to DEPV. The vendor scans the necessary documents and transmits them through to the HRA Management Information Systems (MIS). MIS returns an e-mail acknowledgement of receipt. The vendor then forwards a transmittal from the PaCS system to HRA DEPV with a listing of the documents that were scanned. DEPV reviews the documents on the HRA Viewer. It is still the vendor’s responsibility to ensure that these records are maintained on file as they are subject to random audit to confirm the validity of payment requests. Payments will be issued with a basic verification review and will be subject to a more detailed post-audit confirmation of the documentation on file at the vendor location.

G. Fiscal Agent

Where the Agency retains a fiscal agent to make payments to a third party on behalf of the contractor, a fiscal sponsorship agreement outlining project activities, sponsorship policies, restrictions, agreement termination, and related miscellaneous topics will be executed.

Contractors using a payroll processing agent must ensure that said processing agent performs the appropriate payroll processing tasks on its behalf, i.e. withholding and depositing taxes with federal and state tax authorities, providing checks and direct deposit stubs to employees, filing reports with the IRS, and executing payroll deductions as instructed.

H. Budget Modification

Throughout the course of a contract the situation may arise whereby you may need to request a budget modification in order to more effectively meet the needs of the program. Formal budget modifications require the contractor to submit a written request from the Chief Financial Officer or their designee

explaining the reason for the modification and the impact of the modification on the accomplishments of the program. The Agency will review the merits of the request and will respond in writing as to the results of the review. These modifications requests should be submitted to the Program Area head as well as the Finance/Contract unit in the program area for approval. Once the approval is obtained in writing a copy should be forwarded to the Deputy Commissioner of Fiscal Operations and the Director of Accounts Payable.

I. Subcontractors

Some vendors may acquire services or goods through a sub-contractor. This is allowed, however, three written estimates must be solicited and documented for purchase of services (including but not limited to consulting services) and equipment for amounts in excess of \$1,000.00 and for security-related services in excess of \$1500.00. The above-stated amounts apply to payments made or obligations undertaken in the course of a one year period with respect to any one person or entity. In addition, the subcontractor is also subject to NYC VENDEX regulations and a record of the selection process must be maintained detailing the basis of selection or rejection of a contractor and the basis for the contract price.

J. Reconciliation

The Agency will compare funds remitted to the vendor to earnings on a monthly basis. A portion of the final year's last month payment due to each vendor may be withheld pending the completion of a review of compliance with profit margin limitations. The last payment will be adjusted accordingly. Attached in Appendix A are examples of the format HRA will use to monitor vendor's compliance with this requirement.

K. Establishing and Controlling Petty Cash

The contract agency may establish a petty cash fund, for an amount authorized by management, but should not exceed an average of two months' usage. To ensure adequate segregation of duties, the agency should assign someone other than the bookkeeper to be custodian of the petty cash fund. Petty cash should be safeguarded in a locked box which is kept in a locked area (i.e., desk, safe or room). Only the custodian and a limited number of designated individuals should have access to the locked box.

How to Disburse Funds (Issuing a Petty Cash Voucher)

- Issue petty cash vouchers in sequential order.
- All vouchers must be payable to a person (not an organization). **[Note:** The person receiving the cash must provide receipts for purchases made.]

- All vouchers must be signed by the recipient and the custodian.
- Record the amount disbursed (not to exceed \$1,000) in a petty cash journal. After each disbursement, calculate and record the remaining fund balance.

How to Reimburse the Fund

- The petty cash account should be replenished periodically (i.e., at the end of the month) or when the balance falls below a designated threshold (i.e., a percentage of the balance or a fixed number of days' usage).
- When the petty cash fund needs to be replenished, do the following:
- On an 8 ½ x 11 sheet of paper, attach the petty cash vouchers and the supporting receipts.
- Prepare a check for the amount of receipts only.
- The person responsible for signing checks to replenish the fund should cancel (i.e., mark "PAID") the petty cash vouchers and receipts.
- Set up a petty cash folder, and file the vouchers and supporting receipts in an orderly fashion.

General Guidelines

- At all times, the contents of the petty cash box should equal the approved amount of the petty cash fund. This may be in cash, receipts, or a combination of cash and receipts. Any overages or shortages should be brought to management's attention.
- The contents of the petty cash box should be counted whenever the custodian changes (even temporarily). On a surprise basis, the petty cash box should be counted by an authorized person other than the custodian.
- At the end of each month, someone other than the custodian should perform a reconciliation of the cash balance, vouchers issued and receipts.

L. Equipment Inventory

All equipment and/or furniture purchased with HRA funds is the property of HRA and must be tagged "Property of HRA". An Equipment Register must be maintained and be available for review by the Agency. The Equipment Register must include at a minimum the following information:

- 1) Description;
- 2) Identification Number;
- 3) Quantity;
- 4) Date Acquired;
- 5) Purchased: New, Used or Gift;
- 6) Cost;
- 7) Funding/Revenue Source;
- 8) Location of Item;

- 9) Person Responsible (if applicable);
- 10) Disposition Method/Date;
- 11) Proceeds and
- 12) Verified by.

The contractor must establish an effective system of internal control for inventory. The Equipment Register must be shared with the Auditors and at the termination of the contract the Equipment Register must be sent to HRA to make decisions about the disposal of the Inventory. A Close-out Agreement will be signed by the contractor and HRA.

DEFINITIONS

Action Screen – A screen within NYCWAY that outlines a participant's activities, program participation, employment and case status

BEGIN – HRA developed programs that provide adult education and English as a second language classes.

BPS – Biopsychosocial assessment done by vendors for WeCARE participants

BTW – The Back-To-Work employment program.

CA – Cash Assistance recipient

CSP – Comprehensive Service Plan of WeCARE participants.

DV – Domestic Violence

DVE – Diagnostic Vocational Evaluation of WeCARE participants

HASA – The HIV/AIDS Services Administration

HRA/DEPV - HRA's Finance Office, Division of Employment Payment Verification

IPE - Individual Plan of Employment for WeCARE participants.

ITA- Individual Training Account Training Voucher

Job Placement - PA Closed - A PA recipient is earning enough money for his/her case to be closed by HRA.

Job Placement - PA Never Opened - A participant was referred and attended, and achieved employment before their PA cases became active, and therefore was "diverted from Cash Assistance."

LIDS – Low Income Dads

NADAP – The National Association of Drug Abuse Problems

NCA - Non-Cash Assistance recipient

NYCWAY – A case-management tracking system used by the Human Resources Administration

Objective Assessment – “An examination of the capabilities, needs, and vocational potential of a participant; used to develop an Individual Employment Plan (IEP) and employment goal.”

PaCS – Payment & Claiming System- A web based payment-processing system implemented by HRA and used by vendors to expedite payments and improve internal controls.

Part-time Placement - The participant must be employed a minimum of 20 hours per week in order for a vendor to claim placement.

POP – The Parks Opportunity Program

SACAP – The Substance Abuse Centralized Assessment Program

SSN - Social Security Number

Subsidized - The employer may or may not be the employer of record. The individual's wages and benefits are reimbursed in part or in full by the government.

Unsubsidized - The employer is the employer of record and the cost of the individual's wages and benefits are paid by the employer without any form of governmental assistance.

WeCARE – The Wellness Comprehensive Assessment Rehabilitation and Employment program.

WISARD – Workforce Information System Automated Report Database