

Guide to PREVENTIVE SERVICES PROGRAMS

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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 Services 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 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 service slots and total budget value. The total budget includes your agency's Base Budget – the annual value, including performance funding, as denoted in your awarded contract; City Council funded initiatives; and any other adjustments/additions for the current fiscal year if applicable. Each Program will submit a signed budget. ACS will provide your agency with budget documentation, payment forms, and will begin the fiscal year by entering your base budget into CAPS. Each quarter ACS will add the awarded incentive funding to the CAPS budget.

2.2 BUDGET CONFIRMATION

2.2.1 Confirmed Program Budget - Providers will need to review their ACS confirmed budgets and have their executive director and fiscal director sign-off as confirmation of review and agreement of the fiscal year budget.

2.2.2 Program Full Budget Submission: for each program type (GP, FTR, Specialized, JJI & Intensive Preventive), this detailed line item budget must be completed, to reflect total amended contract allocation.

The provider should return these signed documents, including the Attestation (see section 2.5.1 and Appendix A) to ACS within 30 days of receipt. Please return to:

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

2.3 BUDGET GUIDELINES

Below are the Preventive budget guidelines agencies are required to follow to avoid potential disallowances.

For audit purposes, providers must maintain line item details on file. In addition, the Program Operating Plan (POP) on file with ACS must describe the programs and/or services your agency will fund with its Preventive Services budget. ACS program will work with the providers to define what is needed in the POP.

ACS reserves the right to refuse payment of any expenditure which proves non-conforming under the established guidelines or without merit and or benefit to the preventive programs. No payment shall be unreasonably withheld.

2.4 PRIVATE SHARE

ACS will fund the full value of each program's budget. In addition to this funding, contractors are asked to secure matching resources that equal the equivalent of 5% of their total budget through either in-kind or monetary donations or both. The matching resources are to be used to supplement services provided through the program budget.

2.5 GENERAL GUIDELINES

2.5.1 Attestation - All agencies must sign an attestation that they will adhere to the guidelines in this document, which should be attached to your budget submission.

2.5.2 Expense Items

Personnel Services - ACS expects all agencies 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. All Cost of Living Adjustments (COLAs) given to the agencies are expected to be passed on to the staff expeditiously.

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

Use of ACS funds is limited to ACS program expenditures. Providers are prohibited from using ACS funds for the following purposes:

- Salary advances to employees
- Payments to employees in lieu of vacation
- Loans to employees

Provider fiscal manuals/procedures should contain the above prohibitions.

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

Administrative Overhead - Administrative overhead can not exceed 10% of an agency's PS and OTPS subtotal. Please refer to section 2.5.4 of this document, Cost Allocation Plan.

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

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

Liability Insurance - Agencies 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.

Non allowable OTPS items - Article 5 Section 5.4D of the Preventive Services contract lists Limitations on Use of Funds. Please refer to the contract for these items. In addition, loans to employees, board members and officers are also a non-allowable OTPS item.

2.5.3 Changes to the Program Operating Plan - Providers must notify ACS of any changes to the Program Operating Plan. ACS program must approve all changes to the Program Operating Plan.

2.5.4 Cost Allocation Plan - Agencies should fairly and accurately allocate costs between all programs. Agencies should separate this plan into three categories; ACS programs (please itemize), other government programs, and other programs. Allocation must be based on the percentage of funds utilized by each program. The allocation method must be based on expense type (square footage for space cost, full-time equivalent (FTE) or working hours for personnel costs, etc.). For each employee, provide the current salaries, all sources of their compensation, whether from an ACS contract 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. Agencies should describe how costs will be divided among programs for shared operating expenses such as rent, electricity, or telephones. Agencies should maintain a yearly cost allocation plan on file.

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 cash disbursements made by your program. For example, reimbursement requests for expenses such as consultants, vocational training, and academic support must be based upon actual expenditures, not upon estimated costs per employee or participant. The ORIGINAL Monthly Expense Report, the Child-Specific Schedules, and the Summary Child Specific Schedules are all needed for Children's Services Payment Services to process your reimbursement. Children's Services Payment Services will not reimburse expenses that exceed the overall Budget Plan. Children's Services 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 agencies 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 agencies must maintain adequate internal controls that safeguard funds, avoid unauthorized transactions, and prevent thefts of assets bought with Children's Services 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 agencies have written policies and procedures that include all aspects of its fiscal management as it relates to ACS contracts. The following guidelines are to be used as a framework to develop an agency's fiscal manual. An agency fiscal manual should cover, for example: employee payroll, maintenance of books and records, and petty cash disbursements.

3.5 BANK ACCOUNTS OR GENERAL LEDGER ACCOUNTS

Contract agencies are required to maintain a separate account in a bank and a separate account in the general ledger for 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 Children's Services.

3.6 BACK-UP DOCUMENTATION

Agencies 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 audit review.

Payroll Documentation

- Payroll reports detailing PS expenditures for program staff
- Properly authorized timesheets showing percentage of effort 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 Children's Services contract

Accounts Payable

- Accounts payable bank statements detailing cash disbursements and cancelled checks
- General ledger 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

3.7 MONTHLY EXPENSE REPORT (Appendix C)

3.7.1 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 plan. This report can also be used by agencies to track agency spending against the budget. The Monthly Expense Report shows all cash expenditures for the reporting period.

ACS expects to reimburse agencies for their actual monthly 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.

3.7.2 Due Date - Invoices for actual expenses incurred in any one month shall be submitted to ACS by the Contractor within thirty (30) days after the end of each month in which such expenses were incurred. If the Contractor 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 Contractor 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 Contractor invoices ACS for non-allowable expenses, ACS, may, without any prior notice to the Contractor, disallow such amounts from the Contractor's invoice(s) and pay the remaining allowable expense amounts, if any.

3.7.3 Report Submission - Please submit original copy of the Monthly Expense Report to:

**NYC Children's Services
Payment Services – Preventive Services
150 William Street – 9th Floor
New York, New York 10038**

PART 4 – CLAIMING AND PAYMENTS

4.1 GENERAL GUIDELINES

See Part 3 (Financial Records and Internal Controls)

PART 5 – PROCUREMENT

5.1 GENERAL GUIDELINES

Contractors are responsible for adhering to the rules and regulations in the ACS Preventive Services Budget guides distributed each fiscal year.

Contractors 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

OMB CIRCULAR A133 REQUIREMENTS

Agencies are responsible for ensuring that all OMB Circular A133 requirements and all Children's Services requirements are met. Children's Services will distribute instructions for Preventive Services at the end of fiscal year.

BUDGET CLOSEOUT

Budget closeout will be performed by Children's Services reconciling the actual expenditures to the budget. Agencies are required to submit the required schedules in order to be in compliance with closeout requirements. Children's Services will distribute closeout instructions for Preventive Services at the end of fiscal year.

PART 6 – TAXES

6.1 GENERAL GUIDELINES

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

PART 7 – AUDITING

7.1 FISCAL REVIEWS - While agencies 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 Administration for Children's Services, 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. Agencies are required to keep fiscal records for at least seven (7) years.

Expenses related to the Stability Initiative for Teens and Permanency Initiative should be shown on the agency's books and records in a separate cost center. A specific account should be designated for these expenses on the agency's general ledger and must be added to the agency's chart of accounts. The expenses should also be reported on the Standard of Payment (S.O.P.) in a separate column titled, "Children's Services Stability Initiative for Teens and Permanency Initiative".

7.1.1 On-Going Audit Review - The following items should be available for review during field visits:

- Preparation of each monthly bank reconciliation
- Accuracy in the preparation of CAPS reports
- Documents that support payment of invoices
- Follow-up of prior period outstanding fiscal and program findings
- Cash disbursements for legitimacy of recorded bills
- Inter-program or inter-year loans
- 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

7.2 CIRCULAR A – 122 GENERAL COST PRINCIPLES FOR NON-PROFIT ORGANIZATIONS

- 1) Cost allocating the total cost of an award, contract, project etc. is the sum of the allowable direct and allowable indirect costs less applicable credits.
- 2) **Factors affecting allowable costs:** To be allowable under the award, contracts or project costs must meet the following criteria:
 - a) Be reasonable for the performance of the award, contract, activities or project and be allowable.
 - b) Conform to any limitations or exclusions set forth in the award, activities project etc. as to types or amounts.
 - c) Be consistent with policies and procedures that are applicable to the awards, activities, projects etc.
 - d) Be accorded consistent treatment
 - e) Be determined in accordance with Generally accepted Accounting Principles (GAAP)
 - f) Not included in costs used to meet time sharing or matching requirements
 - g) Be adequately documented

- 3) Reasonable Costs:** A cost is reasonable if it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.
- a) To determine reasonableness one must look at whether the cost is of a type generally recognized as ordinary and necessary for the operation.
 - b) The restraints or requirements imposed by such factors as generally accepted sound business practices, arms length bargaining, Federal, State and City regulations and terms and conditions of the award.
 - c) Whether the individuals concerned acted with prudence in the circumstances.
- 4) Allowable Costs**
- a) A cost is allowable to a particular cost objective if it is treated consistently with other costs incurred for the same purpose such as:
 - 1) Is incurred specifically for the award, project or activities.
 - 2) Benefits both the award, project or activities and other work and can be distributed in reasonable proportion to the benefits received.
 - 3) Is necessary to the overall operation of the organization although a direct relationship to any particular cost objective cannot be shown.
 - b) Any cost allowable to a particular award or other cost objective may not be shifted to other federal awards to overcome funding deficiencies or to avoid restrictions imposed by law or the terms of the award, project or activities.
- 5) Applicable Credits**
- a) The applicable credits are receipts or reduction of expenditures which operate to offset or reduce expense items that are allowable to the awards, activities or projects, some examples are: purchase discounts, rebates or allowances, recoveries or indemnities on losses insurance refunds, erroneous charges, adjustments of over payments etc.
 - b) Special payments received to finance organizational activities or service operations should be netted against the expenditures.

FISCAL REVIEWS

While agencies are not required to submit copies of invoices, receipts, and checks with the monthly expense reports, these records, a list of your program's assets, accounting books and cost allocation plan should be available for review by Children's Services, 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.

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

Agencies must comply with OMB Circular A-122 which establishes principles for determining costs of grants, contracts and other agreements with Non-Profit organizations. The Principles are designed to provide that the Federal Government bear a fair share of costs except where restricted or prohibited by laws. The circular contains detailed explanation of what constitutes allowable costs of an award.

Agencies are also responsible to ensure that all OMB Circular A-133 requirements and all Children's Services requirements are met. Children's Services will distribute instructions for Preventive Services audit requirements at the end of the fiscal year.

At the end of each fiscal year, a closeout will be performed reconciling the actual expenditures to the budget.

Children's Services requests that all audit requirements are completed by March 31, 2012. If an agency does not comply with this requirement, it will have a negative impact on the yearly Fiscal Administration rating.

PART 8 – CONTRACT CLOSEOUT

8.1 GENERAL GUIDELINES

Agencies 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

Appendix B FY2012 Preventive Program Budget

Appendix C Preventive Services Monthly Expense Report

Appendix A

Attestation for Fiscal Year 2012 NYC Administration for Children's Services Preventive Service Programs

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 "Guide to Preventive Services Programs," which is deemed incorporated within this Attestation.

Signature (Executive Director)

Print Name

Title

Date

Appendix C

NYC Administration for Children's Services
FINANCIAL SERVICES/PAYMENT SERVICES
Preventive Services Monthly Expense Report

Contract Name:	_____				
Program Name:	_____				
Mailing Address:	_____				
	Street				

	City State Zip Code				

Contract #:	<input type="text"/>				
Budget ID:	<input type="text"/>				
Fund Request for the service Period:	<table border="1" style="display: inline-table; vertical-align: middle;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table> <table border="1" style="display: inline-table; vertical-align: middle; margin-left: 20px;"><tr><td style="width: 20px; height: 20px;"></td><td style="width: 20px; height: 20px;"></td></tr></table>				
	MONTH YEAR				

MONTHLY EXPENDITURE:

Contact Person: _____ **Telephone:** _____

<p>CHIEF FINANCIAL OFFICER'S / FISCAL OFFICER'S CERTIFICATION</p> <p><i>I hereby certify that, to the best of our knowledge and belief, the information contained herein is correct, that it corresponds with the books and records of this agency, that the expenditures reported were in compliance with the intent of the program objectives approved by Children's Services, and that documentation is available to support this report and will be available for audit.</i></p> <p>Date: _____ Signature: _____</p>
