

HRA CONTRACT FISCAL MANUAL

Revised

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Revised April 2019

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 (B2W), HIV/Aids Services Administration (HASA), Emergency Intervention Services, Wellness Comprehensive Assessment Rehabilitation and Employment (WeCARE and Homelessness Prevention Service. 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.

This manual includes 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.

The contracts included in this manual are currently utilizing HRA's online Payment and Claiming System (PaCS Web) for payment of performance based milestones and/or reimbursement of line item expenditures. In addition, the City has developed HHS Accelerator for Health and Human Service contract procurements, invoicing and payments. Upon full implementation, all HRA Human Service contracts will be paid using the Accelerator Financials. Note that Home Care Services contracts do not utilize these payment systems.

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CHAPTER 1

Contracts

A. Overview of Contracts

HRA continues in its effort to prevent homelessness and 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.

All contracts are funded through a combined mix of funding streams, including Temporary Aid to Needy Families (TANF), Safety Net and Supplemental Nutrition Assistance Program Employment and Training (SNAP E&T) funds as well as other funding streams.

Descriptions of the contract types are as follows:

1. Career Services

New HRA employment services contracts (YouthPathways, CareerCompass, CareerAdvance) are only one component of many efforts to increase opportunity for HRA clients. The resources that HRA has allocated to these other initiatives can be leveraged by HRA employment services contractors. These other HRA resources that will be available to the employment services contractors include:

- Education and training services, including those provided through partnerships with City, State, and privately-funded programs;
- Internships related to a career pathway that meet the State Department of Labor standards (funded through a separate RFP, Internship Placement Services (IPS));
- Subsidized transitional jobs programs, including positions at the Parks Department and in the private sector (e.g., the Parks Opportunity Program (POP) and the Shelter Exist Transitional Jobs (SET) program (that has been transferred to HRA from the Department of Homeless Services) to promote shelter move outs);
- HireNYC, which leverages the purchasing power of the City, including:
 - o HireNYC Human Services: the requirement for City human services contractors to hire HRA cash assistance clients (applies to contracts with HRA, DHS, the Administration for Children's Services, the Department for the Aging, the Department of Youth and Community Development (DYCD), and the Department of Probation); and

- o HireNYC Development: employment targets related to hiring, retention and advancement for permanent jobs created by businesses at City-supported development projects;

- Workforce Development program initiatives: referrals of HRA cash assistance clients to the NYC Department of Small Business Services and DYCD workforce development initiatives;

- Referrals to select community-based organizations that provide job training and placement; and

- Community service.

As HRA phases out employment services that operate in a silo, we will leverage the resources of the entire workforce development system to get the best outcomes for our clients.

2. Emergency Intervention Services

Emergency Intervention Services (EIS) provides temporary housing, emergency shelter and social services to victims of domestic violence in crisis. The EIS 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 EIS 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. Contractors are paid via line item reimbursement.

3. 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 CA, 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. Jobs-Plus

Jobs-Plus is a comprehensive employment program that offers services to all working age residents between the ages of 18 – 59 in targeted New York City Housing Authority (NYCHA). The mission of the program is to assist participants in building upon their job skills and connecting to the labor market in an effort to increase their incomes. Jobs-Plus serves all interested individuals residing in targeted NYCHA housing regardless of whether they receive any benefits through HRA. Contractors are paid via milestone achievement and line item reimbursement.

9. Home Care Services

New York City Human Resources Administration/Department of Social Services' Home Care Services Program is responsible for Medicaid-funded non-institutional long-term care programs in New York City. Programs include the Personal Care Services Program, the Long Term Home Health Care Program, the Assisted Living Program, the Care at Home Program, and the Managed Long Term Care Program. Managed long-term care (MLTC) assists people who are chronically ill or have disabilities and need health and long-term care services,

such as home care or adult day care, stay in their homes and communities as long as possible. The MLTC plan arranges and pays for a large selection of health and social services, and provides choice and flexibility in obtaining needed services from one place. Certified Home Health Agencies (CHHAs) are the responsibility of New York State Department of Health (SDOH), not the City of New York. HCSP is responsible for transferring a client from a CHHA to personal care services when a CHHA so requests.

10. Homelessness Prevention Administration

The Homelessness Prevention Administration (HPA) works with the Department of Homeless Services (DHS), Housing Preservation and Development (HPD), the NYC Housing Authority (NYCHA), and other City agencies to prevent homelessness and assist families and individuals in need of maintaining stable affordable housing in their communities.

The Legal Services Initiative (LSI) Unit is a new HRA program, following consolidation of a number of City legal services contracts under the HRA umbrella. Referrals to legal services organizations under this program serve a critical homelessness prevention need for families and individuals at risk of eviction who require legal assistance in dealing with their housing crisis. The unit also oversees a range of legal services for immigrants. These programs provide legal services that address a wide variety of issues facing the City's immigrant population. LSI also manages the contracts for the Anti-harassment Tenant Protection Program, which protects tenants from displacement and stabilizes neighborhoods that are being rezoned for the Mayor's affordable housing and neighborhood development plan.

B. Contract Requirements

All contracts are funded through a combined mix of funding streams consisting primarily of Temporary Aid to Needy Families (TANF), and Supplemental Nutrition Assistance Employment and Training (SNAP E&T) 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

1. 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 with gross annual revenues less than \$250,000 are required to file an unaudited, certified financial report with the Attorney General, pursuant to Executive Law section 172-b(2-a), and submit such report to HRA, pursuant to section 5.06(A) of the Human Services Standard Contract. Contractors with such revenues that are not required to file with the Attorney General shall submit an unaudited, certified financial report to HRA.
2. Not-for-profit organizations with gross annual revenues from \$250,000 to \$1,000,000 are required to file an annual financial report and statement, which includes an independent CPA's review report, with the Attorney General, pursuant to Executive Law section 172-b(2), and to submit such documents to HRA, pursuant to section 5.06(A) of the Human Services Standard Contract. If the Attorney General requires the contractor to submit an audit report, the organization must file such report with HRA. Contractors with such revenues that are not required to file with the Attorney General shall submit an annual financial report and statement, which includes an independent CPA's review report, to HRA.
3. Not-for-profit organizations with gross annual revenues exceeding \$1,000,000 are required to file an annual financial report and statement, which includes an independent CPA's audit report, with the Attorney General, pursuant to Executive Law section 172-b(1), and to submit such documents to HRA, pursuant to section 5.06(A) of the Human Services Standard Contract. Contractors with such revenues that are required to file with the Attorney General shall submit an annual financial report and statement, which includes an independent CPA's audit report, to HRA.

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.

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 vendor management and demonstrating capacity of the vendor.. 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.

No employee of a not-for-profit corporation shall serve as chair of the board or hold any other title with similar responsibilities, pursuant to Not-for-Profit Corporation Law section 713(f).

The not-for-profit corporation shall adopt a conflicts of interest policy, pursuant to Not-for-Profit Corporation Law section 715-a.

The not-for-profit corporation shall establish a whistleblower policy that meets the requirements of Not-for-Profit Corporation Law section 715-b if it has 20 or more employees and had annual revenue in excess of \$1 million in the prior fiscal year.

E. Fund Accounting

The United States Department of Agriculture, the funding agency of Supplemental Nutrition Program Employment and Training (SNAP E&T), 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
150 Greenwich Street -34th Fl.
New York, N.Y. 10007
Attn: Director

G. Participant Tracking

Contractors will have to maintain participant-specific information and meet all applicable reporting requirements. Presently, three 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 Web Integrated System for Employment (WISE), 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). WISE is also used for Supplemental Nutritional Assistance Program Employment and Training

(SNAP E&T) mandated employment tracking and job placement program to help SNAP participants reach towards their goal of self-sufficiency.

c.

NYCWAY, and WISE 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 SNAP 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 directly generated by a grant-supported activity.. 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.

HRA will monitor the reinvestment of profit and program income on a yearly basis. Each year of the contract, providers are required to submit a report detailing reinvestment of program income and profit. 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. All unexpended program income and profit designated for reinvestment earned during the contract year will be recouped.

*

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, and consistent with applicable Federal, State and City OMB principles..

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. 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 MetroCards 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. It is available for up to three months once a 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. Contractors will receive reimbursement from HRA for post employment transportation costs based on the submission of Metro Card reimbursement requests submitted in PaCS. If the requests meet the established guidelines, the expenses will be reimbursed.

Contractors must request the initial individual MetroCard reimbursement request (create the MetroCard milestone on PaCS Web) within 45 days of the participant's Job Start Date. Subsequent MetroCard reimbursement request can't be entered in PaCS Web more than 6 months (183) after Job Start Date. Contractors are limited to the following:

- 7-day MetroCard: 1 per week per client based on disbursement date.
- 30-day MetroCard: 1 per month per client based on disbursement date.

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 systems.

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 contractors not utilizing PaCS Web , 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.

K. Other Resources

Vendors may have access to and are encouraged to obtain other non-City resources, often in the form of private donations or grants. 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 the Director, Division of Accounts Payable and Reporting (DAPR). (Add a time frame) This should also be sent to the responsible program administrator. Please address the letter to:

Human Resources Administration
Finance Office – Executive Office
150 Greenwich Street – 34th Fl
New York, New York 10007
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 its 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 the vendor's 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 those participants receiving services with non-City funds so the Agency can determine the individuals' eligibility for various federal or state funding streams.

CHAPTER 2

PAYMENT PROCESS

A. 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 Web) and HHS Accelerator. It is anticipated that contractors not currently using HHS Accelerator will be integrated into the system as quickly as possible. It is important to note that recently the City launched the Health and Human Services Accelerator (HHS Accelerator). The Financial module of Accelerator allows for the submission and review of budgets and invoices. Currently, the system does not allow for the submission of requests for performance payments. In the near future HHS Accelerator will interface with PaCS Web to accommodate this.

These automated systems facilitate 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.

B. Documentation Requirements for Employment Milestones

All employment 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
150 Greenwich Street – 34th Floor
New York, NY 10007
Attn: Director (DEPV)

OTHER FACTORS IMPACTING PAYMENT:

- Reports - failure to submit required expenditures 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)

C. Payment Process – Advances

Not-for-profit vendors may receive an advance at the start of the contract equal to 25% of the annual contract award.

An advance will be recouped within the City Fiscal Year it is provided. Requests to extend or modify the repayment schedule will be reviewed on a case by case basis. In the event of the contract is terminated the vendor will be required to return the three-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.

D. 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 Information Technology Services (ITS). ITS 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.

E. 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.

F. 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 modification 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.

G. 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 PASSPORT 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.

H. 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.

I. 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.

J. 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

BPS – Biopsychosocial assessment done by vendors for WeCARE participants

CA – Cash Assistance

CSP – Comprehensive Service Plan of WeCARE participants.

EIS – Emergency Intervention Services

HASA – The HIV/AIDS Services Administration

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

ITA- Individual Training Account Training Voucher

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.”

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

HHS Accelerator - The HHS Accelerator System was launched to streamline and enhance the procurement and financials processes for competitive health and human services contracts. The system allows City Agencies to quickly plan and execute procurements and manage

relationships with providers who deliver direct health and human services to clients and communities.

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.

WISE – Web Integrated System for Employment