

FISCAL MANUAL POLICY AND PROCEDURES

ADDENDUM I

<u>Changes to Policies</u>	<u>Addendum Pages</u>
Section One – The Budget Budget Salaries and Wage Support Sheet - Full Time Employees (Page 9) Fiscal Manual	1
Section One – The Budget Fringe Benefits (Page 11) Fiscal Manual	1
Section One – The Budget Other Than Personal Cost – Indirect Cost (Page 18) Fiscal Manual	1-2
Section One – The Budget Fiscal Agent Services (Pages 18-19) Fiscal Manual	1-2
Section Four – General Accounting Procedures General Procedures on CPA Audits Audit Cost Allocation Plan (Page 32) Fiscal Manual	3-4
Section Five – Purchasing Procedures Part A-Purchasing Requirements/Competitive Bidding (Pages 35-36) Fiscal Manual	5
Section Eight – Program Expense Report Summary Cash Basis of Accounting PERS Submission Payment Information (E-mail Availability) (Page 49) Fiscal Manual	6-7
Section Eleven – Fiscal Agent Services Fee for Fiscal Agent Services (Page 69) Fiscal Manual	9
Commonly asked Questions and Answers regarding EFT	10

Section One – The Budget
Budget Salaries and Wage Support Sheet -Full Time Employees
(Page 9) Fiscal Manual

- ❖ Salary increases will be at the discretion of the CBO as long as it is within the scope of services of the contracts and approved by the Program Department.
- ❖ A full time employee works 35 hours or more per week.

Section One – The Budget
Fringe Benefits
(Page 11) Fiscal Manual

- ❖ The maximum rate for fringe benefits is 30%. This rate includes all benefits under the Fringe Benefits category. Fringe Benefits include FICA, Unemployment Insurance, Workers Compensation, Disability and Medical Benefits. A minimum rate of 7.65% is required for all contracts.

Section One – The Budget
Other Than Personal Cost – OTPS
Indirect Cost
(Page 18) Fiscal Manual

- ❖ Effective FY'04 DYCD will allow Indirect Cost (See Below for definition and procedures for obtaining)

The purpose of indirect cost is to capture overhead costs incurred by a CBO in operating it's programs. This rate is meant for CBOs that operate several programs and whose administrative costs cannot be distributed in a reasonable, practical fashion among several operations, either as direct service costs or program-wide administrative costs. CBOs with multiple government contracts, or programs with mixed funding are most likely candidates for indirect costs. Indirect Cost requires special approval by the Assistant Commissioner of Contract Agency Finance. A letter requesting such approval is required with an analysis and the percentage you are requesting. **The maximum allowable rate is 10% (Reimbursement of indirect cost will be based on the percentage of submitted expenditures).**

Indirect Cost will be budget under the Other Cost Category acct. 3700. The Other Cost category is now divided into two sub categories as follows:

Example:

3700 Other Cost	\$5,000
3710 – Other Cost	3,000
3720 – Indirect Cost	2,000

3700 Other Cost Category – This category is separated into two subcategories

3710 – Other Cost

This category includes all other operating cost i.e., printing, postage, admissions, publications, bank charges, subscription costs, general liability, internet fees, participant costs, audit fees.

3720- Indirect Cost

This category is for indirect costs only

3900 – Fiscal Agent Services

All CBOs now have the option of buying accounting services from the Fiscal Agent. The following is a brief description of the types of services offered by the Fiscal Agent.

- Establish financial records
- Maintain and report on available CBO budget balance
- Verify invoices
- Provide payroll services and personnel reporting
- Ensure the timely filing and payment of employment -related taxes
- Ensure that Accounts Payable and Ledger system and activities are in accordance with generally accepted accounting practices and procedures.
- Filing of Federal Tax Form 941 and 941B
- Preparation of W2s, W3s, and 1099s

Community Based Organizations that elect to use the services of the Fiscal Agent or are mandated to use their services by DYCD will be charged to their budget(s) in accordance with the scale indicated below:

<u>Contract Dollar Value</u>	<u>Fiscal Agent Service Fees</u>
\$ 0 - \$ 25,000	\$ 1,200
\$ 25,001 - \$ 50,000	\$ 3,500
\$ 50,001 - \$ 100,000	\$ 5,100
\$100,001 - \$250,000	\$ 7,100
\$250,001 – Over	\$10,000

A CBO that chooses to be placed under or is mandated to utilize the services of the Fiscal Agent must have all of its DYCD contracts administered by the Fiscal Agent. The Fiscal Agent fees are centrally administered costs and are not reimbursable. Those agencies mandated for Fiscal Agent services due to poor fiscal performance (less than a Satisfactory “S” rating) will receive written notification to this effect from DYCD.

DYCD will continue to provide fiscal technical assistance and support, at no cost, for contract awards less than \$25,000 to Community Based Organizations (CBOs) without any other DYCD non-discretionary contract. This support will entail accounting services, payroll services, and the processing of vendor payments. Upon the execution of a contract YMS Management Associates will contact the CBO to arrange services.

Section Four – General Accounting Procedures
General Procedures on CPA Audit
(Page 32) Fiscal Manual

- ❖ Disallowance: All status report letters must be kept in the PERS files at the Community Based Organizations (CBOs) and available for the audit review process

- ❖ Please note DYCD will accept a portion of your audit fees for Fiscal Year 2004. The audit performed must be by a Certified Public Accountant and for Fiscal Year 2003. You need to submit a Cost Allocation Plan for your audit fees. If your organization receives additional funding besides DYCD, you may only include DYCD's proportionate share. The proportionate share should be calculated by dividing the total DYCD budget by the agency's total budget and applying that percentage to the total audit cost.

Audit fees will be budgeted under Other Cost 3710 as defined on page 2.

- ❖ **Due to budgetary constraints DYCD will not be responsible for CPA audits for CBOs whose aggregate funding is between \$25,000 and \$75,000. Providers who fall within this range of funding will be responsible for their own CPA audits for FY 2003 and forward.**

A copy of the CPA audit must be submitted to the attention of:

Joe Kovac, Director of Audits
Department of Youth and Community Development
156 William Street 6th Floor
New York, NY 10038

Department of Youth and Community Development
156 William Street
New York, New York 10038

AUDIT COST ALLOCATION PLAN

DYCD ID#: _____

CONTRACT TERM: _____

ANNUAL AUDIT COST: _____

**COST APPLIED TO
DYCD CONTRACT:** _____

- ❖ If the audit is for this contract only, you may include the entire cost in this budget.
- ❖ If the audit is for the entire agency, you may only include DYCD's proportionate share.

The proportionate share should be calculated by dividing the DYCD budget by the agencies' total budget and applying that percentage to the total audit cost.

******This is an example******

DYCD Budget	\$20,000
Agency Budget	\$100,000
%	20
Audit Cost	\$1,000
%	20
DYCD Share	\$200

I hereby affirm that the audit cost has been appropriately applied to this contract.

Executive Director

Date

Section Five – Purchasing Procedures
Part A-Purchasing Requirements/Competitive Bidding
(Pages 35-36) Fiscal Manual

❖ Purchases less than \$2,500

For purchases whose value is \$2,500 or less, no competitive bids are required. CBOs shall ensure that the noncompetitive price is reasonable. CBOs must document such purchases and identify the contractor the item was purchased from, the item purchased, and the amount and date paid.

❖ Purchases in excess of \$2,500 but not exceeding \$25,000

A minimum of five (5) written bids must be secured for the purchase of goods of like items whose cost can reasonably be expected not to exceed \$25,000.

❖ The amounts stated represent the total invoice amount, not the item amount.

All remaining text still applies as per Fiscal Manual (Methods A & B)

Section Eight – Program Expense Report Summary
PERS Submission
(Pages 49-54) Fiscal Manual

- ❖ DYCD Operates on a cash basis method of accounting. Expenses should be reported based on payment dates. Example: July PERS should have payments issued in July. Quarterly PERS should have payments issued within the quarter. The only exception to the rule would be a Final PERS with goods and services ending within the fiscal year.
- ❖ Please Note the change in submission timelines effective July 1, 2002.

Contracts over \$50,000

A monthly report is required for contracts over \$50,000. CBOs must submit their PERS listing the expenditures made during the month, no later than the 10th day of the following month. Any PERS that DYCD receives after the 15th of the following month will be considered LATE. DYCD carefully tracks the timely submission of PERS. Fiscal Analysts are required to send out a letter monthly notifying the CBO that you are delinquent in the submission of PERS. The late submission of PERS will affect the fiscal VENDEX rating. Overall poor VENDEX rating may limit the ability of the CBO to engage in future business with DYCD as well as with any other City Agencies.

Contracts \$10,001 - \$50,000

Contracts in this range have the option of submitting PERS monthly or quarterly. Quarterly reports are due as follows:

July-September	Submission Date October 10th
October-December	Submission Date January 10th
January-March	Submission Date April 10th
April-June	Submission Date July 10th
Final PERS	Submission Date due August 31st

A CBO may choose to submit PERS monthly for reimbursement purposes. DYCD carefully tracks the timely submission of PERS. Fiscal Analysts are required to send out a letter quarterly notifying you that you are delinquent in the submission of PERS. The late submission of PERS may affect the fiscal VENDEX rating. Overall poor VENDEX rating may limit the ability of a CBO to engage in future business with DYCD as well as with any other City Agencies.

Contracts 10,000 and under

A CBO with a grant of \$10,000 or less has the following options in the submission of their PERS: Submitting monthly PERS; Submitting quarterly PERS or Submitting two (2) PERS during the Fiscal Year; dependent upon their cash flow needs. If your CBO (funded at \$10,000 or less) chooses to submit two PERS annually, the first PERS must be submitted mid-way through the contract term and the second PERS is to be submitted the final month of the contract.

❖ **Payment Information/CCMS E-mail Availability**

The Department of Youth and Community Development (DYCD) is proud to announce an exciting new customer service initiative, which will allow Community-Based Organizations (CBOs) to electronically obtain their expense and payment history reports for payment identification of DYCD Electronic Funds Transfers (EFTs) and reconciliation with their banks. This service is available to multiple recipients per provider. To participate in this initiative, CBOs should send their E-mail addresses and the recipients' names and titles to my attention by regular mail at 156 William Street, CAFD – 6th Floor, New York, NY 10038, by fax to (212) 442-5972 or (212) 442-5918, or by E-mail at jschiffman@dycd.nyc.gov.

Section Eleven – Fiscal Agent Services
Fee for Fiscal Agent Services
(Page 69) Fiscal Manual

Fiscal Agent Services fees will be deducted from your total budget based on the below scale.

<u>Contract Dollar Value</u>	<u>Fiscal Agent Service Fees</u>
\$ 0 - \$ 25,000	\$ 1,200
\$ 25,001 - \$ 50,000	\$ 3,500
\$ 50,001 - \$100,000	\$ 5,100
\$100,001 - \$250,000	\$ 7,100
Over \$250,000	\$10,000

A CBO that opts to buy into the Fiscal Agent services or is mandated to utilize the Fiscal Agent services **must have all of its DYCD contracts** administered by the Fiscal Agent. The Fiscal Agent fee is a centrally administered cost and is not reimbursable to the CBO.

DYCD will continue to provide fiscal technical assistance and support, at no cost, for contract awards less than \$25,000 to Community Based Organizations (CBOs) without any other DYCD non-discretionary contract. This support will entail accounting services, payroll services, and the processing of vendor payments. Upon the execution of a contract YMS Management Associates will contact the CBO to arrange services.

❖ **COMMONLY ASKED QUESTIONS AND ANSWERS REGARDING THE
NEW YORK CITY ELECTRONIC FUNDS TRANSFER (EFT) PROGRAM**

Question Are my payments going to be processed on the same schedule as they were before EFT?

Answer *Payments will continue to be processed on the same time schedule as they were before.*

Question How will I know when the payment is in our Bank Account?

Answer *You should advise your Bank that you will be receiving Electronic funds Transfers and ask them to notify you when the credit is in your account. The agency can provide you with the necessary dates and information, if for some reason your Bank does not notify you in a timely manner.*

Question How will I know what the payment is for?

Answer *FISA has begun, effective 2/27/02, sending stubs for EFT payments directly to vendors. Payment stubs include the following information: EFT Number, Vendor Name, Vendor Code, Payment Date, Total Payment, Agreement/Voucher Number, Issuing Agency, Invoice Number, and Invoice Amount.*

Question What if there is a discrepancy in the amount we requested and the amount we received?

Answer *If there is a question in the amount requested or the payment received, contact your agency representative.*

Question Can EFT Payments be credited to the wrong account? Who would be responsible?

Answer *Once a vendor is enrolled in EFT, it is highly unlikely that a payment would be posted to the wrong account. If the Bank account information is incorrect, the EFT payment will be rejected by the receiving bank, and the Department of Finance (DOF) will be notified. DOF will notify the agency and/or vendor and together they will do whatever is necessary to correct the problem. In order not to delay your payment, DOF will issue check(s) for your payment until the problem is resolved.*

Question What must I do when I change our bank or bank account number?

Answer *Whenever you change any information or close your account, you must notify the Department of Finance, in writing, and tell them the type of change you are requesting (i.e. change in bank, change in bank account number). **DO NOT CLOSE THE ACCOUNT** that is linked to your EFT deposits until the new account has been established and EFT payments are being credited to your new account. All change requests take approximately three weeks to process through the system. In the interim, your change of account will be pre-noted, i.e. verified by your bank. During that period, any payments you receive will be by paper check. When the change is complete, EFT will resume and payments will be credited to your new account. You then may close the old account.*

Question Can I cancel my EFT enrollment?

Answer *Yes. To cancel participation in the program, send a letter to DOF indicating the effective date you want to cancel your enrollment. Please keep in mind, however, that all “**human service providers**” (that is, those who provide services to people) are mandated by the Mayor to be paid electronically, and therefore do not have the option of withdrawing from EFT.*

Question Do I need to send separate EFT enrollment forms for each Agency with which I do business?

Answer *One enrollment form is sufficient. Once you are enrolled in EFT, any agency that vouchers you using the City FMS Payment System will pay you electronically , unless the agency requests that a paper check be issued.*

Question What if my Tax ID # changes? How does this affect my EFT? Who should be notified?

Answer *In the event of a change of Tax ID#, a new W-9 form must be completed and sent to the Comptroller's Office. Once the Comptroller has registered the change, the vendor must notify the Department of Finance and submit a new EFT enrollment form.*