



New York State
Office of
Children & Family
Services

FISCAL POLICIES & PROCEDURES

LOCAL ASSISTANCE PROGRAMS

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INTRODUCTION

The Office of Children & Family Services (OCFS) annually funds multiple programs within the Local Assistance budget. This Manual is designed to clarify OCFS' fiscal requirements and policies regarding these programs and documents consistent and concise instructions for forms completion and submission. If questions arise, please contact the Bureau of Financial Operations' Youth Programs Audit Unit (BFO-YPAU) at (518) 402-5589.

Throughout the Manual abbreviations will be used to designate the types of funding being discussed. Below is a list of current funding categories.

- YDDP** Youth Development and Delinquency Prevention
This program funds up to 50 percent of approved expenses up to the allocated amount.
- RHYA I** Runaway and Homeless Youth Act I
This program funds up to 60 percent of approved expenses up to the allocated amount and requires 50 percent of the matching money to be provided from local tax dollars.
- RHYA II** Runaway and Homeless Youth Act II
This program funds up to 60 percent of approved expenses up to the allocated amount.
- SDPP** Special Delinquency Prevention Program
This program funds up to 100 percent of approved expenses up to the allocated amount.
- MISCELLANEOUS** .. This category is used for demonstration projects. Restrictions and requirements are usually outlined in any Request for Proposal (RFP).
- SAFE PLACES** Safe and Accessible Places to Play and Learn After School Programs
This program funds up to 100 percent of approved expenses up to the allocated amount.

OCFS POLICIES & REQUIREMENTS

CHAPTER 1

ACCOUNTING REQUIREMENTS

Although OCFS is flexible as to the type of bookkeeping system implemented by its contractors and grant recipients and encourages the adoption of systems most appropriate to individual needs, certain fiscal practices are mandatory.

Programs must:

- Maintain records for each grant in a manner consistent with generally accepted accounting practices.
- Not co-mingle records or funds. A recordkeeping system that maintains a separate identity for each grant or contract must be used.
- Maintain a list of all funds received under each contract, including a description of the source and amounts. (Cash Receipts Journal)
- Maintain a list of all funds disbursed under the grant, including payee and amount. Any payments made after the termination date of a contract or the ending date of a program year must be for expenditures incurred during that period. (Cash Disbursements Journal)
- No costs incurred before the starting date of a grant period will be reimbursed.
- Maintain complete and accurate documentation to support revenues and expenses (e.g. bank deposit slips, invoices and time sheets, etc.) for six years after the end of each contract or grant period.
- Maintain accurate time records for all employees paid under the grant or contract. Acceptable time records must note period covered and have full signatures of both the employee and his/her supervisor.
- Maintain an accurate, complete and current inventory of equipment purchased with grant funds. (See Equipment Inventory Section)
- Require original signatures and not use signature stamps on checks.
- Have dual signatures on all checks written from any separate bank account specifically set up to hold OCFS funds.
- Assure that the person responsible for maintaining the books and records (Fiscal Officer) does not have access to the checking account. This includes writing and signing all checks.
- Return all unexpended advance funds to OCFS within 90 days of the end of a program year.

NON-REIMBURSABLE COSTS CHART

NON-REIMBURSABLE COSTS ARE IDENTIFIED WITH AN "X"

TYPE OF COST	YDDP	SDPP	SAFE PLACES	RHYA
PERSONAL SERVICE:				
• UNQUALIFIED STAFF	X	X	X	X
• PREPAYMENTS	X	X	X	X
• BOARD MEMBERS	X	X	X	X
• FAMILY OF BOARD W/O OCFS APPROVAL	X	X	X	X
• VACATION LUMP SUM PYMTS IN EXCESS OF 2 WEEKS	X	X	X	X
• RETROACTIVE RAISES EXCEPT UNION AGREEMENTS	X	X	X	X
• BONUSSES	X	X	X	X
• OVERTIME (OVER 40-HOUR WEEK)		X		
• LAW ENFORCEMENT STAFF except Juvenile Aid and DARE Officers	X		X	X
FRINGE BENEFITS:				
• EXCESS OF 25% OF SALARIES	X	X	X	X
• FEDERAL UNEMPLOYMENT	X	X	X	X
• DIRECT MEDICAL PAYMENTS	X	X	X	X
• NYS UNEMPLOYMENT - SELF INSURED NFP'S	X	X	X	X
• PERSONAL RETIREMENT PLANS	X	X	X	X
• MUNICIPAL EMP'EEES EXCEPT RHYA COORDINATOR	X		X	X
CONSULTANTS/CONTRACTED SERVICES:				
• FUND RAISING CONSULTANT	X	X	X	X
• ANNUAL CPA AUDIT IF OCFS CONTRACTS FOR AUDIT		X		
• YOUTH STIPEND	X		X	X
• YOUTH ALLOWANCES	X		X	
MAINTENANCE & OPERATION:				
• CASH PAYMENTS (Except Petty Cash)	X	X	X	X
• YOUTH CLOTHING EXCEPT INEXPENSIVE T-SHIRTS/CAPS	X		X	
• EXPENSIVE PRIZES/TROPHIES	X		X	
• RENTAL PAYMENTS FOR AGENCY-OWNED BLDG	X	X	X	X
• LONG TERM VEHICLE LEASE	X	X		
• VEHICLE PURCHASE	X		X	X
• TRAVEL- HOTEL ROOMS FOR YOUTH (Unless Related To Conference Attendance)	X			X
• PROFESSIONAL MALPRACTICE INSURANCE	X	X	X	
• BOARD LIABILITY INSURANCE	X		X	X
• BONDING INSURANCE	X		X	
• AUTO INSURANCE	X		X	
• FIRE, THEFT & PROPERTY INSURANCE	X		X	
• UTILITIES IF INCLUDED IN RENT	X	X	X	X
• CONTRIBUTIONS/DONATIONS	X	X	X	X
• FINES/ PENALTIES	X	X	X	X
• SALES TAX	X	X	X	X
• SECURITY DEPOSITS	X	X	X	
• STAFF PHYSICALS	X	X	X	
• INDIRECT COSTS	X	X	X	X
• LOANS/INTEREST ON LOANS	X	X	X	X
• PREPAID EXPENDITURES (EXCEPT WHEN REQUIRED)	X	X	X	X
• MUNICIPAL TAXES	X	X	X	X
• PERSONAL MEMBERSHIP FEES	X	X	X	X
• LANDSCAPING	X	X	X	X
• OUT OF STATE AND AIR TRAVEL WITHOUT AUTHORIZATION	X	X	X	X
• NON-PROGRAM RELATED COSTS	X	X	X	X
• FUND RAISING	X	X	X	X
• HONORARIUM		X		
• PRE/POST CONTRACT COSTS		X		
• LEAGUE FRANCHISE FEES	X		X	X
• PER GAME REIMBURSEMENT FOR BOWLING, SKIING ETC.	X		X	
• UNIFORMS AND STAFF CLOTHING	X		X	X
• YOUTH PHYSICALS AND PARAMEDICS UNLESS REQUIRED FOR PARTICIPATION	X		X	
• ACTIVITIES FOR WHICH FEES ARE CHARGED	X	X	X	X
FACILITY REPAIR/ PURCHASE				
• REPAIRS GREATER THAN \$1,000	X		X	
• CAPITAL CONSTRUCTION	X	X	X	X
• CAPITAL PURCHASE	X	X	X	X
• BUILDING REHABILITATION	X	X	X	

Cell Phones - A copy of the cell phone bill must be submitted with the claim. Reimbursement will not be made on personal cell phone costs; please make sure business calls are clearly identified. OCFS reserves the right to request justification for cell phones costs. Cell phones must be necessary for the operation of the program.

Credit Card Payment - A copy of the credit card bill must be submitted with the claim with the account number obliterated. In addition, receipts for the items for which reimbursement is being requested must also be submitted.

FISCAL SANCTIONS

A fiscal sanction is defined as an action placed against a fund recipient when requirements of an agreement are not being met or when the fund recipient is not in compliance with established regulations, guidelines, policies, and procedures. The sanction may be placed for either program or fiscal non-compliance by the Office of Youth Development.

In effect, the sanction will suspend all fund recipient transactions with OCFS including, payment of claims, processing of amendments, and applications.

The sanction will remain in effect until the requirements of the contract or agreement are met and/or the fund recipient is brought into compliance with the existing requirements of regulations, guidelines, policies, and/or procedures.

The following are the current reasons for being placed on fiscal sanction:

- Unsafe Physical Conditions at the Program Site
- Delinquent Action Plans
- Unfavorable Field Visit/Monitoring Report
- Failure to Submit Required Reports
- Failure to Submit Required County Planning Documents and/or Annual Progress Reports
- Failure to Return Unused Advance within 90 Days

SCHOLARSHIPS

OCFS reimburses for direct costs. However, if a grant recipient is a Not-for-Profit (NFP) corporation that normally charges a fee for certain activities or wishes to send a program participant to another not-for-profit that normally charges a fee, OCFS will allow the recipient to claim for scholarships instead of direct costs.

An example of an acceptable scholarship charge is a YMCA that is providing a camping experience for program participants as part of the program's services. Because the YMCA normally provides camping services for a published fee, it can claim those services under Contracted Services as a scholarship at an amount up to the published fee.

In programs where a budget is required, this expenditure should be budgeted in the Contracted Services section as a scholarship and the expected maximum rate per youth should be listed in the Rate column. When claimed, such expenses should be shown in the Contracted Services section of the Program Expenditure Summary (OCFS-3125) and the Program Expenditure Report Contracted Services and Stipends (OCFS-3128). Documentation must be included which will substantiate the amount of the scholarship, such as a published listing of services provided or fees charged. Scholarships can also be used if a grant recipient sends a program participant to another program for services. Once again, the amount claimed can be no more than the fee charged for such services.

No fee can be charged to the youth.

APPLICATION & AMENDMENT PROCESS

CHAPTER 2

APPLICATION PROCESS

Although each funding stream has a slightly different application process, all share similar forms and guidelines. Continuing grant programs, such as YDDP, RHYA, and SDPP, are funded based on an approved allocation plan filed by each county and signed by the Chief Executive Officer. Expenditures incurred prior to the approval date of an allocation plan are **non-reimbursable**, except when a Letter of Intent is filed.

All grant recipients will have an OCFS representative assigned to provide technical assistance. It is extremely important for a potential recipient to return all application materials within the stated time frames and correctly completed. The Program Budget Form OCFS-3107, which is required for most programs, must be completed only in whole dollar amounts. A summary of the forms needed to complete your application is included below. Forms are available from your OCFS representative.

Any county or municipality that allocates OCFS funding to a NFP must enter into a written contract.

TYPE OF FUNDING

FORM NAME

(The following forms apply to all the programs listed on the left)

- **YDDP**
Resource Allocation Plan and Program Summary
(completed by County)
- **RHYA I & II**
Program Application CGF-3105 & Narrative
- **SDPP County-Administered**
Program Budget OCFS-3107 - only for programs over
- **Safe Places**
\$10,000

BUDGET AMENDMENTS

Any change in the approved budget requires a budget amendment to be filed with the appropriate OCFS Youth Development Specialist. Budget amendment approval is required prior to incurring expenses. Budget amendments are required:

- To add or delete programs to county allocation plans.
- When a change is made to the amount of OCFS funds requested in total (**state in whole dollars**) or between the four major categories for all programs.
- When a position, service title, or payment basis is changed and/or added, and whenever a rate of pay is increased. A description of these changes must be listed in the justification area of the amendment form. Salary increases will be effective no earlier than the payroll period prior to the amendment approval date unless mandated by a union agreement.
- When additional equipment is to be purchased or rented. Equipment is defined as an item with a useful life of over two years and a unit cost of more than \$500.
- For YDDP, amendments are required to transfer unreimbursed eligibility between approved programs. Limitations on the youth bureau eligibility are subject to approved State Aid for 1991.

Note: If the program state aid is under \$10,000, there is no budget required. Therefore, no budget amendment is necessary.

Salary increases will not be allowed retroactively (unless it is due to a union agreement) so it is extremely important to receive approval prior to committing the expenditure. All budget amendments for YDDP, RHYA and county-administered SDPP programs must be signed by the County Chief Executive. Designation of a signatory, other than the Chief Executive, must be in writing from the Chief Executive and must be given annually. This designation may apply to only interfund transfers or may include any amendment to increase, decrease or add a program.

All budget amendments should be sent to the appropriate OCFS representative. It will be reviewed, approved or disapproved based solely on programmatic information. A copy will be returned to the municipality. The approved amendment is then sent to the OCFS. All amendments are reviewed by the BFO-YPAU to ensure that there is enough money available to process the amendment, and to ensure that no amendment includes non-reimbursable expenses. BFO-YPAU will notify the grant recipient, in writing, of any changes in the budget amendment.

CLAIMING PROCESS

CHAPTER 3

SUMMARY

OCFS funds many types of programs; YDDP and RHYA programs operated by counties or municipalities, YDDP programs where the municipality contracts with a NFP or that are jointly operated, and RHYA, SDPP and Safe Places programs where the county contracts with a NFP. Programs funded by the OCFS must file listings of expenses paid prior to receiving funds. If a voucher covers more than one program, a Program Expenditure Summary and applicable Program Expenditure Reports must be filed for each program. SDPP and Safe Places programs are eligible to receive an advance at the beginning of the program year. Recoupment of advances will begin in August of the program year or earlier if requested by the county. Each of the program types mentioned above is described in the following sections. All claims should be submitted with an original and one copy of the State Aid Voucher (AC-1171), with boxes 4 through 8 completed. The AC 1171 must have an original signature.

OCFS audits each claim against appropriate State Finance Law, Rules & Regulations, OCFS Fiscal Policies & Procedures, and the approved budget of each program and any approved budget amendments. Although the Office processes all claims timely and follows all prompt payment regulations, any request made by the Office for additional information will delay payment until the request is fulfilled.

Listed below is a summary of the forms that make up a completed claim package. Instructions and examples for completing the OCFS forms are on the reverse side of each form. Computer generated forms will be accepted if they are formatted to appear identical to the OCFS forms. OCFS forms are available on disk in EXCEL format and can also be forwarded electronically. If you wish to get a copy, contact the BFO-YPAU at (518) 402-5589. Do not submit forms OCFS 3126 through 3129 if the form is not applicable.

All claims for YDDP, RHYA I & II and Safe Places must be sent to:

Office of Children & Family Services
Youth Programs Audit Unit, Room 204
52 Washington Street – South Building
Rensselaer, NY 12144

All claims for SDPP County must be sent to:

Office of Children & Family Services
Office of Youth Development, Room 309
52 Washington Street – South Building
Rensselaer, NY 12144

NAME OF FORM

FORM NUMBER

- | | |
|-------------------------------|-----------------------|
| • State Aid Voucher | AC-1171 |
| • Program Expenditure Summary | OCFS-3125 |
| • Program Expenditure Reports | OCFS-3126 – OCFS-3129 |

YDDP/SDDP/RHYA

MUNICIPAL OPERATED PROGRAMS

The municipality directly operates a YDDP, RHYA or Safe Places program by directly incurring and paying for all expenditures. All expenditures must be made in accordance with an approved budget, including any budget amendments. Only incurred and paid expenses can be included on requests for reimbursement. Expenditures reported must be sufficient to allow the 50 percent State Aid amount claimed for YDDP programs and the 60 percent State Aid amount claimed for RHYA programs. Safe Places programs are reimbursed at 100 percent.

Claims should be submitted quarterly, bi-annually, or annually. Claims will not be accepted monthly.

The Chief Fiscal Officer of the municipality must sign the payee certification on the NYS State Aid Voucher. (AC-1171). Municipalities may be required to submit all claims to their County Youth Bureau for review prior to submission to the Office for payment.

PRIVATE AGENCY PROGRAMS

All NFPs that operate programs under contract with a municipality must file claims in accordance with an approved budget and based on expenditures it has incurred and paid. These claims are forwarded to the municipality for review and reimbursement. The county or municipality must enter on the AC-1171 the check number(s), date(s) of payment, payee, and actual dollar amount paid by the municipality to the NFP.

- **IF COUNTY/MUNICIPALITY REIMBURSES 100 PERCENT OF NFP'S EXPENDITURES**

Amounts paid to NFP should be equal to NFPs claimed expenditures.

- **IF NFP CONTRIBUTES PORTION OF LOCAL MATCH**

The percentage portion of local fund match being provided by the NFP must be indicated on the AC 1171 by noting "NFP providing X percent of local match." The NFP contribution, plus the municipal reimbursement check to the NFP must equal 100 percent of NFP's expenditures submitted in order to obtain the 50 percent reimbursement for YDDP or the 60 percent reimbursement for RHYA.

JOINT PROGRAM (YDDP ONLY)

Municipalities can participate in a joint project in one of the following three methods:

- **SINGLE DISBURSER**

Two or more municipalities join together to operate one program, with a single municipality acting as disburser and paying all expenses. The non-disbursing municipalities make payment for their share of the program costs to the disbursing municipality. The disbursing municipality is responsible for coordinating the submission of claims for all participating municipalities. The Chief Fiscal Officer of each municipality is responsible for preparing and signing the respective claim.

For municipalities seeking individual reimbursement - each participating municipality must submit a State Aid Voucher (AC 1171). The non-disbursing participating municipalities must enter a check number, date of check, amount and payee on the AC 1171 to prove funds were turned over to the disburser. Only the disburser is required to file the complete claim package, State Aid Voucher (AC 1171), OCFS-3125, and appropriate OCFS-3126 thru OCFS-3130. Expenditures reported by the disbursing municipality must be sufficient to allow a 50 percent state aid reimbursement to the disburser and all participating municipalities.

For municipalities that allow the disbursing municipality to voucher for the pro-rata share of reimbursement - each participating non-disbursing municipality must submit a Waiver of State Aid (OCFS-3114) signed by the Chief Fiscal Officer of the municipality. The disburser must submit a State Aid Voucher (AC-1171) listing the check numbers and dates of funds turned over by the non-disburser to the disburser municipality. The disburser must also submit forms OCFS-3125, and appropriate OCFS-3126 thru OCFS-3130.

- **SEPARATE DISBURSERS**

Two or more municipalities join together to operate one program with each municipality agreeing to pay a certain portion of the expenses. Each municipality must file a State Aid Voucher (AC-1171), OCFS-3125, and appropriate OCFS-3126 thru OCFS-3130 for their portion of the program expenses.

- **PURCHASE OF SERVICES PROGRAMS**

One municipality operates a program and another municipality purchases services from that program for their youth participation for an agreed amount. The municipality operating the program must file its claim before the municipality purchasing the service files its claim. The operating municipality must account for match requirements by submitting a claim with expenditures sufficient to total twice its state aid as well as the funds received from the purchasing municipality.

The purchasing municipality submits only the State Aid Voucher (AC-1171) indicating “Purchase of Service” and the name of the municipality, check number, date of check and amount paid over to the municipality operating the program.

RHYA 60/20/20 MATCH REQUIREMENTS

RHYA funding provides up to 60% in State Aid reimbursement after deducting any federal or additional state funds received by the program.

RHYA Part I funding requires that at least half of the 40% match be local tax dollars as follows:

	60%	20%	20%
<u>Total Program Budget</u>	<u>State Aid</u>	<u>County Tax Match</u>	<u>Other Cash Match</u>
\$100,000	\$ 60,000	\$ 20,000	\$ 20,000

Of the other 20% match, no more than half may be In-Kind services, as follows:

	60%	20%	10%	10%
<u>Total Program Budget</u>	<u>State Aid</u>	<u>County Tax Match</u>	<u>Agency Cash Match</u>	<u>In-Kind</u>
\$100,000	\$ 60,000	\$ 20,000	\$ 10,000	\$ 10,000

Please note that the County match requirement may be applied to the aggregate cost of all programs within the county rather than on a program-by-program basis.

RHYA Part II funding does not require a county tax match. The 40% match may be derived from a combination of county match, agency match, or in-kind services. The in-kind contribution may not exceed 50% of the required match.

Examples include:

	60%	40%		
<u>Total Program Budget</u>	<u>State Aid</u>	<u>County Tax Match</u>	<u>Agency Cash Match</u>	<u>In-Kind</u>
\$100,000	\$ 60,000	\$ 0	\$ 20,000	\$ 20,000
\$100,000	\$ 60,000	\$ 10,000	\$ 10,000	\$ 20,000

SDPP COUNTY ADMINISTERED

SDPP A and some SDPP B programs are county operated or sub-contracted out to NFP's. In both cases, the county entity or the NFP expends money and requests reimbursement from the County Fiscal Officer. The county, in turn, requests reimbursement from OCFS. All expenses are reimbursed 100 percent and the county can receive a 25 percent advance. To qualify for an advance, the county must advance each sub-contractor 25 percent of the sub-contract amount. Reimbursements should be requested on a monthly basis. All claims must include the county check number that reimbursed the NFP.

FEDERAL FUNDS AND MISCELLANEOUS

If OCFS plans to fund programs using federal funds or funds not enumerated above, an RFP is normally issued and the restrictions and guidelines for the funding will be listed in that document.

PROCEDURES

CHAPTER 4

STIPENDS

A stipend payment may be included as part of a training program, where the intent of the program is to assist a participant in acquiring the skills necessary to obtain employment and to subsequently retain employment. A stipend must be for a nominal amount and may be paid hourly, daily, or weekly. Payment qualifying as a stipend should be budgeted as category 2 of the budget: **CONTRACTED SERVICES AND STIPENDS**. However, while contracted services require a formal contract between parties, stipends require only maintenance of a log to document that each recipient participated in the activities required for payment. This log should include, at minimum, the recipient's name, date of receipt, period covered, amount received and signature of the recipient.

- Stipend programs must promote the general welfare and be operated by a private, NFP organization and promote community service.
- Stipends may be utilized for programs that provide only classroom training.

A stipend cannot be:

- Used to displace an employee or position, including partial displacement such as a reduction in hours and wages.
- Used to supplant the hiring of employed workers or to perform such services that would otherwise be performed by an employee, including an employee who recently resigned or was discharged; an employee who is subject to a reduction in force; or an employee who is on leave.
- Used to benefit or perform services for the agency.
- Used to avoid payment of FICA, unemployment insurance, or workmen's compensation insurance.

Any questions regarding stipends and whether a payment is a stipend or a wage should be addressed to either the NYS Department of Labor or the Internal Revenue Service.

CONSULTANT/CONTRACTED SERVICES

Although OCFS has no policy on the use of consultants, it strongly suggests following the guidelines for the classification of employees and consultants detailed in this chapter. A person paid as an employee cannot also be paid as a consultant by the same employer. Neither can two people be treated differently while doing the same type of work. A review of each position will determine whether it should be considered for employee status or consultant status. Some of the most important factors are:

- Employees are covered by unemployment benefits and worker's compensation benefits consultants are not. If a person is being paid as a consultant and later applies for unemployment or worker's compensation, a determination may be made that the person should have been paid as an employee and charges for these benefits would be the responsibility of the employer.
- The type of service should be considered. If the services are ongoing, they would more likely fit into an employee type of position. If the services are one time or variable (i.e., done only once a month) they might be better treated as a consultant.

- The work schedule should be considered. If it is a fixed schedule and the person must be at work as required by the work schedule, then an employee status is justified. If the schedule is not fixed and the person can perform the work as desired within the confines of the contract requirements, then they are a consultant.
- An employee can be discharged at will. A consultant works in accordance with a contract and can only be discharged within the provisions of the contract.
- A consultant provides and pays for his or her own training, supplies, and employees.
- A consultant may perform work for multiple companies while an employee usually works for only one employer.

Contracting with a consultant to provide a service, requires a written contract, which sets forth payment schedules, performance objectives, and time indicators. Each contract must be fully executed prior to any expenditures being incurred and must be kept on file at the agency. Such contracts must be made available to any OCFS representative upon request.

DUTIES OF A FISCAL OFFICER

The Fiscal Officer maintains all books and records and, to provide proper internal control, must not prepare or sign checks. The functions of the Fiscal Officer include, but are not limited to, the following:

- Certify that all funds received are properly recorded, deposited in the proper bank account in a timely manner and credited to the appropriate funding source.
- Certify that all expenditures of funds are appropriate, made in a timely manner and charged to the appropriate funding source.
- Maintain a record of all funds received, including a description of the source and the amount, in a manner consistent with generally acceptable accounting procedures. (Cash Receipts Journal)
- Maintain a record of all funds disbursed, including payee and the amount, in a manner consistent with generally acceptable accounting procedures. (Cash Disbursements Journal)
- Maintain a filing system that will allow for accurate and complete documentation to support the recordkeeping system. (e.g. bank deposit slips, invoices, and time sheets)
- Certify that the bank accounts are reconciled and any discrepancies are resolved in a timely manner.
- Certify that good purchasing practices are followed that will allow for goods to be purchased at a price that is reasonable and prudent.
- Maintain an accurate, complete, and current inventory of equipment.
- Certify that all claims for reimbursement are submitted in a timely manner to the appropriate OCFS representative.

PETTY CASH

To facilitate the payment of certain minimal charges that cannot be handled by check, contractors may, with the approval of their OCFS Youth Program Specialist, establish a petty cash fund. This fund is an alternative disbursement mechanism whereby certain expenditures are reimbursed in cash. It is important to remember that expenses paid in this manner are subject to the same regulations and accounting practices as expenditures paid by check.

The petty cash fund should not exceed \$100.00 and disbursements made through this fund should not exceed \$100.00 per month or \$1,200.00 per year.

All disbursements made out of petty cash must be for approved budget items.

For expenditures made from petty cash, a petty cash voucher must be completed and kept with the fund. The voucher can be a pre-printed form and, in all cases, must contain the following information:

- Amount
- Date
- Payee
- Purpose
- Approved by:
- Received by:

At least monthly, the petty cash fund should be reconciled and the fund replenished to its original beginning balance. Any replenishment of petty cash for cash disbursements made must be by a check from the programs checking account, if applicable, and made payable to the “Custodian”. The expenditure is then recorded in the journal and ledger and the petty cash vouchers are then filed.

One person should be appointed custodian of the petty cash fund and be solely responsible for the fund’s safekeeping. The funds should be secured in either a locked box or safe.

When claiming reimbursement for this account, expenses must be shown as part of the Maintenance and Operations category. Copies of invoices or receipts should be included to support cash outlays. The reimbursement request must include a brief description of the items of expenditure.

Although a petty cash system is recommended, sometimes a NFP reimburses a staff member for individually paid expenses. Although this practice is discouraged, if such costs are incurred, all invoices and receipts must be included in the claims package.

SHARED COSTS

State Finance Law and Generally Accepted Accounting Principles require that any expense incurred over more than one funding source or program must be charged proportionately or allocated to the program. The method of allocation must be documented. In order to prevent an audit disallowance, justification of each allocation must be maintained along with other records kept by a funded agency.

Shared costs are those common expenditures that are incurred as part of the regular operation of a program, such as staff, utilities, rent, copying machine usage, and postage, which are shared by all or some of the funding sources at that site or program.

When a cost is shared by more than one funding source, the method for allocating that cost should be documented. This could include but not be limited to:

- A schedule that indicates the total program budget and amount received from each funding source with applicable percentages noted for purposes of pro-rating the expenses.
- Notes on a telephone bill indicating which program incurred each long distance call. If a telephone bill is for a telephone of an employee who is fully funded by a program, then the bill would be fully charged to the program. If the employee was charged to several programs, then the telephone bill should be allocated to each program in the same manner as the salary.
- A schedule listing the total square footage in a building and amount of square feet occupied by each funding source with applicable percentages noted for the purpose of allocating the utilities and rent.
- A log for postage usage that can be used to determine proper expenses charged to each funding source.
- Other items as deemed necessary.

Expenses that are incurred specifically for one portion of the program should be charged to that program. These expenses might include equipment purchase or rental, travel, and printing.

The program to which an expense is charged and its funding source should be noted on the invoice for proper documentation.

PURCHASING GUIDELINES

In making purchases, each grant recipient must comply with any goals for participation of certified minority-owned and women-owned business enterprises established in the agreement. To maintain proper internal control, it is required that the following procedures be used when purchasing any goods or services:

- The person requesting the purchase of goods or services must complete a purchase requisition.
- The purchase requisition must be approved by the Director, or other authorized official, of the program authorizing the purchase.
- The bookkeeper or Fiscal Officer must complete a purchase order and then order the item from a reliable vendor at a reasonable price.
- Someone other than the Fiscal Officer must verify the receipt of the goods and sign a copy of the purchase order or the invoice itself.
- The Fiscal Officer must record the transaction and issue a check for payment.

In addition, the following requirements should also be adhered to before issuing a purchase order:

ITEMS COSTING BETWEEN \$2,500 AND \$5,000:

To ensure that prices paid for goods in this range are reasonable and prudent, three (3) verbal quotes must be obtained. These quotes must be recorded and attached to the purchase request.

A quote is a stated price for which a vendor will sell an item. This quote can be obtained in person or by telephone. A record of the process of obtaining quotes must be kept and should include the date, type of quote, name of vendor, description of item to be purchased, cost quoted, and signature of person obtaining quotes.

ITEMS COSTING OVER \$5,000:

Any purchase request for goods above \$5,000 must have five (5) written bids. These bids must be attached to the purchase request. When five bids are not received, proof that at least five bids were solicited or an explanation of why fewer than five solicitations were made must be kept on file. The lowest bid should be the one chosen. If the lowest bid is not chosen, justification must be on file to document why the lowest bid was not selected. A bid is the stated price for which a vendor will sell an item. Bids are required to be filed, sealed, and a bid opening should be held with more than one person present to certify that all bids were opened at the same time. A bid must be in writing and on a vendor's letterhead and contain the following information; Date of the bid, description of item to be sold, cost, and signature of vendor's representative.

EQUIPMENT INVENTORY

Inventory records must be maintained for equipment purchased with State and/or Federal Funds. Equipment is defined as any item that has a life expectancy of more than two years and cost over \$500. This applies regardless of the percentage of State Funds used or the contract period during which the purchase was made.

A permanent, unique, numbered label must be affixed to each piece of equipment.

An equipment inventory form or electronic (computer) record must be maintained on each piece of equipment containing the following information:

- Grant year
- Funding Source
- Contract number, if applicable
- Inventory decal number
- Name of item
- Description
- Location
- Date of Purchase
- Cost
- Signature of Authorized Person
- Date form or electronic record was completed

Equipment purchased may not be sold or disposed of without written authorization. Written authorization will be provided to a municipality by an OCFS representative. Written authorization will be provided to a sub-recipient of the county by a County representative.

SOURCE DOCUMENTS RETENTION OF RECORDS

A source document is any business form that contains original data about a transaction. For every entry in a journal or ledger there should be a source document on file.

The most common source documents are invoices, receipts, canceled checks and time sheets. Source documents should be filed in chronological order, alphabetical order, or in category order. Although you may adopt any reasonable filing system, the category of expenditure method is recommended. It is the easiest system for maintaining an orderly cross-reference and retrieval capability.

All source documents and accounting records should be retained for not less than six (6) years following the last disbursement for any grant period or the final audit conducted, whichever occurs first.

Certain specific documentation must exist prior to reimbursement of expenditures. All leases or property rental agreements must be kept on file to document rental payments. Also a fully executed copy of each consultant contract must be kept on file. Documentation must be kept which indicates prior approval by an OCFS representative for any out-of-state or air travel.

Also, time records must be maintained for all employees for whom reimbursement is being sought. These time records must include the period covered and signatures of both the employee and the employee's direct supervisor.

For county operated programs such as YDDP, RHYA, SDPP County or Safe Places, the county will determine the location where back up documents must be maintained.

BANK RECONCILIATION

All checking accounts should be reconciled monthly. The reconciliation should be done by someone other than the Fiscal Officer or the persons who sign the checks. In a small agency, a board member could do this. This should occur as soon as possible after the bank statement is received.

**New York State
Office of
Children & Family
Services**

Capital View Office Park
52 Washington Street
Rensselaer, New York 12144

Visit our website at:
www.ocfs.state.ny.us

For child care, foster care and
adoption information, call:
1-800-345-KIDS

To report child abuse and
neglect, call:
1-800-342-3720

For information on the
Abandoned Infant Protection
Act, call:
1-866-505-SAFE

For information on services
for the blind, call:
1-866-871-3000
1-866-871-6000 (TDD)

State of New York

**George E. Pataki
Governor**



Office of Children & Family Services

**John A. Johnson
Commissioner**

Pursuant to the Americans with Disabilities Act, the New York State Office of Children and Family Services will make this material available in large print or on audiotape upon request.