



**Office of Alcoholism and  
Substance Abuse Services**

**Administrative and Fiscal  
Guidelines for OASAS-Funded  
Providers**

**November 2015 (Revised)**

[www.oasas.ny.gov](http://www.oasas.ny.gov)

## **Preface**

These Administrative and Fiscal Guidelines provide information and guidance to providers who receive funding from the New York State Office of Alcoholism and Substance Abuse Services (OASAS) to operate substance use disorder treatment, problem gambling treatment, prevention services, housing programs or other supportive services.

Pertinent policy statements and requirements governing the administrative and fiscal operations of funded providers have been included and OASAS expects full compliance by our funded providers. Providers are subject to fiscal examination by OASAS to ensure the propriety of annual claims made on the required Consolidated Fiscal Report (CFR) claiming document. OASAS will recover monies in any instances where a provider has been proven to have underreported its revenue or submitted claims containing unallowable, unapproved or inappropriate expenditures. Providers who fail to comply with these guidelines may also risk suspension and the potential reduction of future State Aid.

OASAS will periodically review these guidelines and revise this document as necessary. Providers are advised to routinely check the OASAS website to ensure familiarity with the most current guidelines. Further, providers are responsible for familiarizing themselves with all pertinent OASAS laws and regulations currently in effect, and any revisions or new regulations that are issued.

Information can be obtained on the OASAS website at:

<http://www.oasas.ny.gov>

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The revised OASAS Administrative and Fiscal Guidelines sets forth policies and general guidance and replaces a variety of Local Service Bulletins (LSB) including, but not limited to #2009-01, #2007-05, #2007-01, #2006-06, 2006-05, 2006-03, 2005-03, 2004-01, 2002-02, 1999-02, 1996-03, SAB #1994-01. This document also references relevant NYS Consolidated Fiscal Reporting and Claiming Manuals, Office of Management and Budget (OMB) circulars and Social Services Laws including, but not limited to, the following:

## **NYS CONSOLIDATED FISCAL REPORTING AND CLAIMING MANUAL**

NEW YORK STATE CONSOLIDATED FISCAL REPORTING AND CLAIMING MANUAL (CFR) – APPENDIX I – AGENCY ADMINISTRATION	APPENDIX I
NEW YORK STATE CONSOLIDATED FISCAL REPORTING AND CLAIMING MANUAL (CFR) – APPENDIX J – ALLOCATING EXPENSES FOR SHARED PROGRAM/SITE	APPENDIX J
NEW YORK STATE CONSOLIDATED FISCAL REPORTING AND CLAIMING MANUAL (CFR) – APPENDIX L – ACCEPTABLE TIME STUDIES	APPENDIX L
NEW YORK STATE CONSOLIDATED FISCAL REPORTING AND CLAIMING MANUAL (CFR) – APPENDIX X – ADJUSTMENTS TO REPORTED COSTS	APPENDIX X
NEW YORK STATE CONSOLIDATED FISCAL REPORTING AND CLAIMING MANUAL (CFR) – APPENDIX Z – IN-CONTRACT VS. OUT-OF-CONTRACT (DMH)	APPENDIX Z

## **OFFICE OF MANAGEMENT AND BUDGET (OMB) CIRCULARS**

AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (REVISED JUNE 27, 2003)	OMB CIRCULAR NO. A-133
OMB CIRCULAR NO. A-133: COMPLIANCE SUPPLEMENT (MARCH 2009)	OMB CIRCULAR NO. A-133

## **SOCIAL SERVICES LAWS**

ARTICLE 5, TITLE 1, SECTION 131-0 PERSONAL ALLOWANCES ACCOUNTS
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## #1 FINANCIAL RECORDS [\(Back to Table of Contents\)](#)

### Purpose

This document provides minimum requirements for all OASAS funded service providers regarding their responsibilities to maintain adequate financial records, accounting and control procedures, and to adhere to financial practices that promote operational efficiency and accountability.

### Background

OASAS considers proper accounting and control procedures essential to the operation of all chemical dependence and problem gambling programs. According to The American Institute of Certified Public Accountants (AICPA) and the New York State Office of the State Comptroller (OSC) proper accounting control is a plan of organization, procedures, and records that are concerned with the safeguarding of assets and the reliability of financial records. Accounting and control procedures must assure that:

- Financial transactions are executed with management's general or specific authorization.
- Financial transactions are recorded to permit preparation of financial statements in accordance with generally accepted accounting principles (GAAP) and any other criteria applicable to such statements.
- Internal financial reporting systems should be structured to capture the cost categories included in the appropriate year-end Consolidated Fiscal Report (CFR).
- Staff responsible for completing and submitting the year-end CFR are aware of the complete program array to be reported and the associated coding used to identify those services for all OASAS Program Reporting Units (PRU).
- Access to assets is permitted only with management authorization.

### Minimum Requirements

OASAS has established the following minimum financial accounting requirements to ensure that each service provider has the basic tools and executes the basic steps to adequately determine its financial condition and to report program revenues and expenditures. Financial records must be maintained for a minimum of six years after the last payment is made for a given fiscal reporting period or contract. Where a funded provider also operates any non-funded but OASAS certified programs, information about those programs must be entered on the required CFRs, and the same record retention requirements apply.

#### 1. Accounting System

- A double-entry bookkeeping system must be maintained. If a computerized system is used, a description of the software used and the name and title of the individuals authorized to make changes to the system should be included in the Fiscal Policy and Procedure Manual.
- Either the accrual or cash basis of accounting may be used. However, if the cash basis of accounting is used, appropriate year-end adjustments must be made to the general ledger to reflect accruals.
- Note: All CFR core schedules (CFR-i, CFR-ii/iiA and Schedules CFR-1 through CFR-6) of Full, Abbreviated and Article 28 Abbreviated CFR submission types must be completed using accrual accounting for both expenses and revenues.
- At a minimum, the following books of accounts must be maintained: a general ledger, a general journal, a cash receipts journal and a cash disbursements journal.
- At a minimum, the following subsidiary accounting records must be maintained: equipment register and payroll register.

## **2. Fiscal Policy and Procedure Manual**

All service providers must develop and maintain a fiscal policy and procedure manual. At a minimum, the manual should cover the following areas:

- General description of the accounting system and records maintained.
- Administrative and shared program/site cost allocation policy and procedures, in accordance with Appendix I and Appendix J of the CFR Manual, where applicable.
- Cash receipts and disbursements procedures.
- Purchasing policy and procedures.
- Employee travel reimbursement policy and procedures, including the accounting department's procedures for the processing and approval of expense vouchers.
- Equipment inventory and control procedures.
- Petty cash policy and procedures, if the program maintains a petty cash fund. See Purchasing Guidelines for further information.
- Payroll policy and procedures.
- Personal Needs Allowance (PNA) policies and procedures (residential service providers only).

## **3. General Ledger**

- The general ledger must include separate expenditure cost centers for all funded and non-funded OASAS programs.
- A separate revenue account for each source of funds received relative to the OASAS funded and unfunded services must be maintained.
- Separate expense accounts for each service provided, in accordance with budgeted cost categories approved by OASAS, must be maintained. However, if the maintenance of consolidated expense accounts is more practical, the direct charges and general cost allocations relative to each service provided must be sufficiently detailed in supporting worksheets.
- Transactions must be posted to the appropriate ledger accounts on a timely basis. Monthly would be recommended.
- The accounting system should have the capability of generating a trial balance from the general ledger to ensure appropriate postings.
- All books of account must be appropriately adjusted and closed at the end of each fiscal year and opening account balances must be reflected in the succeeding fiscal year's general ledger.

## **4. Separation of Duties**

The service provider must ensure that, to the extent possible, accounting duties are sufficiently separated among available staff so as to provide adequate internal control over the receipt and use of service provider funds.

## **5. Cash and Bank Accounts**

- All funds must be sufficiently documented as to the source and amount. Payments received for services provided must be documented using receipt slips that contain unique payment identification numbers.
- All bank accounts must be reconciled within 30 days after receipt of the bank statements.
- Funds must be deposited in the appropriate bank account as soon as possible taking into account the amount of cash collected versus fees paid by check, and the proximity to the bank/financial institution. While the frequency of deposits should increase with the amount of cash handled on a daily basis, service providers should establish a guideline/policy for making physical deposits (i.e. frequency of deposits or when collections reach a certain dollar amount) and incorporate such guidelines into their written cash receipts policy and procedure. Prior to deposit, funds received must be properly secured.
- When a program assumes custodial responsibility for clients' personal monies (e.g., a representative payee), such funds must be deposited in a separate bank account(s) established for this purpose. If a single bank account is established for this purpose, the program must maintain subsidiary records identifying amounts deposited, withdrawn, interest income earned (interest bearing accounts), as well as document available balances for each participating client and comply with all applicable state and federal laws, rules and regulations.

## **6. Preparation of Mid-Year Consolidated Quarterly Report and Year-End Consolidated Fiscal Report**

- The service provider must substantiate the basis for its preparation of the Mid-Year Consolidated Quarterly Reports (CQR-1) and Year-End CFRs. Accordingly, these revenue and expense reports must be prepared directly from the general ledger or from supporting worksheets which provide a reconciliation of amounts reported to the general ledger.
- The service provider must maintain adequate documentation in support of reported revenues and expenditures, and allow ready accessibility for review by authorized OASAS personnel.
- The CQR-1 and CFR must be submitted timely in accordance with the OASAS policy on Reporting Requirements and Sanctions for Non-Compliance.

## **DESCRIPTION OF ACCOUNTING RECORDS**

The following are accounting records required to be maintained.

### **1. Cash Receipts Journal**

A cash receipts journal provides for the recording of the daily cash receipts of the service provider. While the particular journal format may vary depending on bank accounts established, the journal should normally include specific source classification columns (i.e., OASAS advances, Safety Net, Medicaid, etc.) and miscellaneous source classification columns (i.e., refunds, loans and other non-revenue receipts). In addition, the journal should include a column to record the amount of monies deposited in the bank. This journal should be posted monthly to the general ledger with indications of specific general ledger account posting references.

### **2. Cash Disbursements Journal**

A cash disbursements journal provides for the recording of each disbursement transaction (i.e., check, electronic payment) by the provider in numerical sequence. Each disbursement should be classified to appropriate expense or non-expense categories (such as exchanges or loans). A separate cash disbursements journal should be used for each checking account. This journal should be posted monthly to the general ledger with indication of specific general ledger account posting references.

### **3. Accounts Payable Listing**

The accounts payable listing is to be used in conjunction with a cash disbursement journal when using the accrual basis of accounting. The accounts payable listing provides for the recording of expenditures as they are incurred with similar classification of expenditures to specific expense categories as described for the cash disbursements journal. When specific expenses are paid, the applicable check or transaction number (if paid electronically) is also recorded in the listing.

This listing should be posted monthly to the general ledger with appropriate indication of specific general ledger account posting references.

### **4. General Journal**

A general journal provides for the recording of transactions or adjustments which cannot be recorded in other specific source journals. Typical entries include: reclassification of expenditures from one budget category to another; corrections of erroneous postings to the general ledger; recording of bank charges identified on monthly bank statements; year-end adjustments, etc. Each journal entry should include a sufficient explanation as to its nature with reference to supporting documentation, if necessary. General journal entries should be posted to the general ledger on a monthly basis with indication of specific general ledger account posting references.

### **5. General Ledger**

A general ledger provides for the recording of a summary of the transactions appearing in the cash receipts, cash disbursements and general journals and facilitates financial analysis and reporting.

## **6. Payroll Register**

The use of a payroll register facilitates computation and approval of payments. The register indicates the gross pay, withholding taxes, other deductions, the net pay and the payroll check numbers (transaction numbers for direct deposit) by pay period; and should indicate to which funding source and program the gross pay is chargeable.

## **7. Equipment Register**

An equipment register establishes the basis for accountability for all equipment in the OASAS-funded components whether purchased and/or provided by OASAS, a Local Government Unit (LGU) or donated to the program. An equipment register must be maintained for each site, in accordance with the agency policy on service provider and equipment acquisition and management.

## **#2 TIME AND ATTENDANCE**

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### **Purpose**

This document provides minimum requirements for OASAS funded service providers regarding their responsibilities in maintaining adequate internal controls over employee time and attendance.

### **Background**

OASAS considers establishment of proper policies and minimum requirements regarding time and attendance for all staff as an essential element of internal control and management operations. Such policies, in addition to conforming to the standard labor laws, should be consistent with any contractual agreements by which the employees are covered. In addition, such policies should be applicable to all the employees working in a particular location unless otherwise regulated by any contractual agreements.

### **Minimum Requirements**

Service providers are expected to establish the following minimum requirements regarding time and attendance policies. Provider policies should ensure that hours of operation are consistent with the needs of clients and that adequate staff coverage is available to meet regulatory requirements. In addition, time and attendance policies, including types and amounts of leave accrued as well as authorized use of such leave should be included in the provider's Employee Manual, which must be made available to all employees.

### **Time Records**

Service providers must establish a method for determining which employees are exempt (salaried) and which employees are non-exempt (hourly) to assure compliance with the Fair Labor Standards Act. Service providers must maintain documentation of employee attendance which records the daily arrival and departure time of non-exempt employees and presence or absence of exempt employees (unless prohibited by union contract). Records must also be maintained which document the type of leave granted to each employee who is absent from work. Time and attendance record format may follow any acceptable practice (i.e., time card, sign-in sheet, electronic time records, etc.). Service providers should periodically review the status of exempt and non-exempt employees. Service providers must also maintain a system to document the allocation of time for employees who work in more than one program (see Consolidated Fiscal Reporting and Claiming Manual Appendices J & L).

The record of attendance must be submitted by the employee and approved by his or her supervisor. The service provider must establish supervisory control procedures for the appropriate approval of the use of leave time and maintain attendance records in a fashion that permits OASAS staff to audit employees' attendance. In addition, service providers must develop a policy regarding the calculation, approval and payment of overtime so that it is consistent, applied fairly to all applicable staff and that it stays within the approved OASAS budget.

The service provider must maintain a written policy which articulates how the Board of Directors monitors the performance of the Executive Director. At a minimum, the minutes of the meetings of the Board of Directors should reflect their review of the time and effort expended by the Executive Director and his/her oversight of the organization as a whole. In addition, the Board of Directors should prepare an annual written evaluation of the performance of the Executive Director. Leave requests submitted by the Executive Director must be approved by the Board of Directors.

### **Basic Work Week**

The basic work week shall conform to the prevailing practices in the geographic area. Full-time status may entitle an employee to certain benefits not available to part-time employees.

## **Holidays**

Service providers are generally permitted up to 12 holidays per year. Exceptions to this policy must be explained in the provider's Employee Manual with reasonable justification provided. Employees required to work on holidays may receive compensatory time off or overtime payments if eligible, in accordance with service provider policies. The authorized holidays should be identified in the provider's Employee Manual.

## **Accrual and Reimbursement of Leave Accruals**

Unless provided for in a union or employment contract:

- Employees cannot accrue a balance of more than 40 days of vacation leave.
- Employees cannot, upon separation from employment, receive reimbursement for unused vacation accruals in excess of 30 days. Providers should develop written policies if they want to provide flexibility for employees to charge time in order to bring their excess accruals below 30 days.
- Employees cannot receive reimbursement for unused sick leave or personal leave balances.
- Maximum accrual and payment for universal leave is the same as vacation leave.

### **#3 CONSULTANT/PROFESSIONAL SERVICES** [\(Back to Table of Contents\)](#)

#### **Purpose**

This document provides minimum requirements for OASAS funded service providers regarding their responsibilities in the procurement of consultant/professional services.

#### **Background**

Consultant/professional service agreements must be solicited only for services for which the provider can demonstrate need and availability of funds. If needs cannot be met with current staff, consultants should be sought through public, volunteer or community service organizations. Cooperative agreements arranged with other chemical dependence programs should also be considered prior to soliciting from private organizations or individuals.

#### **Minimum Requirements**

The governing board of the service provider should take an active role in the determination of need and process for selection of major consultants/professional services (e.g., management services, accounting/auditing services, legal services) and authorize the use of such consultants by resolution or through recording of such authorization in the Board minutes. The total anticipated costs must be included in the Consolidated Budget Report.

#### **Selection of Consultants**

The provider must follow these guidelines for entering into consultant agreements.

#### **Needs Assessment, Availability of Services and Restrictions**

Providers should consider past experience and current or projected requirements to anticipate problems or plan for improving services. Consultant costs incurred primarily for lobbying on behalf of the provider organization(s) are not allowable under any circumstances as noted in Appendix X of the Consolidated Fiscal Reporting Manual. Consultant costs incurred for fund raising activities cannot exceed the proportionate share of revenues reported from such activities. In addition, all service providers (direct contract, subcontract or sub grant) must adhere to State Aid contract provisions which prohibit lobbying on the part of Consultant/Professional Services.

#### **Availability of Funds**

The service provider must discuss the need for consultant services and the use of OASAS funds for such services with their OASAS Program Manager prior to engaging those services. Documentation of Field Office approval must be maintained.

#### **General Criteria**

General criteria for selecting consultants must include an analysis of technical qualifications, financial resources, ability to comply with contract timetables, and past performance.

## **Bids**

The service provider must solicit at least three written bids when the amount of the service per consultant is expected to exceed \$25,000 per year. When the amount is between \$10,000 and \$25,000 documentation of three telephone quotations, Internet searches or some other comparative method must be maintained. Consultants who provide direct care for clients (i.e., Psychiatrist, Psychologist, Physician, and Medical Director) may be exempt from the bidding requirement. However, the service provider is required to document the circumstances leading to the selection of the vendor. This documentation should include alternatives considered, as well as the rationale for using a Sole Source or Single Source criteria in selecting a specific vendor. In all cases there should be a supported basis for the agreed upon expense. Please also refer to section #4 of the OASAS Administrative & Fiscal Guidelines pertaining to Purchasing Guidelines.

**Providers who retain and pay outside contractors/consultants without following the prescribed procedure may not receive reimbursement for such services upon submission of the annual claiming document.**

In soliciting bids, New York State-based firms and firms covered by affirmative action executive orders must be given appropriate consideration.

Solicitation of bids from consultants should contain the following information:

- definition of services desired and duration of services
- credentials required
- method of reimbursement such as fixed price or unit price
- conditions for termination of the agreement
- conditions for final payment under the agreement, if appropriate.

See purchasing guidelines for further information.

## **Awards Procedure**

After reviewing all bids, the service provider must identify its choice of bidders. Whenever feasible, selection should be based on the lowest bid. If the lowest bid is rejected, justification must be fully documented. Please also refer to section #4 of the OASAS Administrative & Fiscal Guidelines for information pertaining to maintaining service agreements/contracts).

The consultant agreement must include a description of the types of services to be performed, a schedule of deliverables (if appropriate), duration of the agreement, rates and total compensation to be paid, the conditions for final payment such as submission of a summary report of activities and recommendations and conditions for termination. The agreement must be signed by the consultant and authorized staff of the service provider.

If consultant services involve direct services to clients, the agreement must include a statement to the effect that the consultant or consulting firm has been informed that the information disclosed to them may not be lawfully re-disclosed by them in any reports, or otherwise, except to the program providing the original data.

**NOTE:** If a consultant services agreement is based on an hourly rate or unit price, the service provider must maintain supporting time or unit records.

## **Documentation of Work Performed**

Providers must maintain written documentation of work performed by and amounts paid to each consultant. This documentation must include the nature of work performed, dates and/or timeframe that work was conducted, and if/when work was completed by the consultant.

## #4 PURCHASING GUIDELINES [\(Back to Table of Contents\)](#)

### **Purpose**

This document provides general guidelines and minimum requirements for OASAS-funded service providers regarding their responsibilities over the purchase of goods and services. These general guidelines and minimum requirements include elements addressing sound purchasing practices, procurement of consultant and contractual services, and purchases involving the use of petty cash funds.

### **Background**

OASAS considers it essential for service providers to have adequate internal controls in place to monitor the necessary and proper purchase of goods and services and expenditure of funds. Service provider management is responsible for ensuring that proper internal controls are in place and operating as intended.

### **Minimum Requirements**

Service providers are to use sound purchasing practices to assure proper expenditure and accountability of funds. Governmental entities and Public Schools must follow the guidelines of the local authority/school district. The requirements established in this section apply to all purchases, regardless of the source of funds, which are included in OASAS approved budgets.

### **Sound Purchasing Practices**

Service providers' purchasing practices are expected to include the following elements:

- Documentation, through a Purchase Requisition Form, or similar form, establishing the need for the purchase.
- Documented purchase approval by an authorized program official other than the person requesting the purchase. The decision as to whether to approve the purchase should be based on the following criteria:
  - The goods and/or services to be purchased are a legitimate program-related expense. The authorized official should be satisfied that the purchase represents the type and quantity of goods/services needed by the program to carry out its mission.
  - Funds are available and designated for the purchase in the OASAS approved budget.
  - Objective procurement criteria used in the selection of vendors including required quotations or bids.
  - Competition in the procurement process serves both service providers and potential vendors by, ensuring the procurement process produces an optimal solution at a reasonable price, by guarding against favoritism, fraud and collusion, and allowing qualified vendors an opportunity to obtain the agency's business. OASAS expects the use of some form of competitive process for purchases as a measure of good management and economy. For example, telephone or internet quotations and other means of comparison shopping should be regularly used to ensure that the program is paying a fair and reasonable amount for its goods and services.
  - When competition exists, service providers should make every effort to administer a process which provides maximum opportunities for vendors to compete. Alternatively, when competition does not exist or is not used (i.e., sole source/single source procurement), service providers should endeavor to negotiate a reasonable price and terms and conditions which can be justified and documented.
- Sole Source Procurement – Sole source procurement is one in which only one vendor can supply the commodities, technology and/or perform the services required by a service provider. Procurement by this method must be pre-approved by the OASAS Field Office and documented with an explanation of: the unique nature of the requirement; the basis upon which it was determined that there is only one known vendor able to meet the need (i.e., the steps taken to identify potential competitors); and the basis upon which the cost was determined to be reasonable.

- Single Source Procurement – Single source procurement is one in which two or more vendors can supply the commodity, technology and/or perform the services required by a service provider, but one vendor is selected over the other for reasons such as expertise or previous experience. In Single source procurement, the service provider must document: the circumstances leading to the selection of the vendor, including the alternatives considered; its rationale for selecting the specific vendor; the basis upon which it determined the cost was reasonable and how that conclusion was reached. Single source procurement must be pre-approved by the OASAS Field Office.
- Formal Competitive Procurement Process – The service provider must solicit at least three written bids when the amount of the purchase of goods and services exceeds \$25,000 annually. When the amount is between \$10,000 and \$25,000 documentation of three telephone quotations, Internet searches or some other method of comparison must be maintained. Service providers under subcontract with LGUs should adhere to the threshold bidding requirements established by the LGU (if less than \$25,000), as appropriate. When competitive bidding is required, the service provider must maintain the following documentation:
  - Bidders' names, addresses and telephone numbers
  - Item number, description, quantities, as appropriate
  - Description and duration of services, as appropriate
  - Unit price, if appropriate
  - Other pertinent data such as brand name, delivery date, schedule, etc.
  - Total price, including transportation costs
  - Copies of all written bids received

If the service provider is unable to obtain at least three written bids, documentation of the particular circumstances must be maintained. In addition, rejection of the lowest bid must have proper documented justification for management review as well as for audit purposes. Documentation of bidding must be maintained at the provider's premises for a minimum of six years.

While formal competition is not required in the case of purchases below the threshold of \$10,000, the following should be maintained:

- Written documentation of the order to the vendor which contains the complete terms of the transaction (i.e., an agency's purchase order form or form provided by the vendor upon placing an order).
- Maintenance of written documentation evidencing the receipt of goods and/or services.
- Cancellation of vendor invoices or other documents used for payment purposes (i.e., notation of date paid and approval to pay, check number and check amount recorded on or attached to the vendor invoice).

### **Service Agreements/Contracts**

As part of the procurement process for consultant and contractual services, service providers must ensure that a fully executed written contract/agreement is maintained for each vendor on a current basis. The contract/agreement must, at a minimum, include the following elements:

- Clear and specific outline of services (including deliverables) to be provided and duration of such services
- Rates and total compensation to be paid
- Billing procedures to be used (i.e., billing statement frequency and content format, enabling independent verification of billed services)
- Condition for final payment under the agreement. Conditions for termination

(Note: See Consultant/Professional Services for additional guidelines related to Procurement practices required for those specific services.)

## **Petty Cash Purchases**

Should the service provider find it necessary to make purchases in which issuing a check would be impractical, such purchases should be made through a petty cash fund, maintained on an imprest basis. The total amount of the fund and the frequency of replenishment will vary among programs, based on each program's size and needs. Security of the funds must be maintained.

Each program that maintains a petty cash fund, must maintain written petty cash procedures which should include at least the following:

- The title of the petty cash custodian(s)
- The title of person(s) designated to approve petty cash purchases
- Number, physical location and total amount of each petty cash fund currently in use
- The maximum amount of individual petty cash transaction
- A procedure for replenishing the fund
- A procedure for reconciling the fund balance to the established fund amount
- A procedure for posting petty cash transactions to the General Ledger
- A method for approving and recording each petty cash transaction (i.e., use of petty cash vouchers)
- Segregating the duties of the petty cash custodian and the person approving each petty cash transaction

## #5 EMPLOYEE TRAVEL GUIDELINES [\(Back to Table of Contents\)](#)

### **Purpose**

This document provides general guidelines and minimum requirements for OASAS funded service providers regarding their responsibility in preparing and maintaining appropriate guidelines for business-related travel by all staff and to help employees understand travel rules, regulations and instructions on how to be reimbursed for allowable expenses. Since every reimbursement issue cannot be covered, these guidelines are designed to address general travel policies. Specific or unique circumstances should be evaluated on an individual basis by the service provider's management and, if necessary, involve consultation with appropriate OASAS Field Office personnel.

### **Background**

OASAS considers it the responsibility of the service provider's management to ensure that every effort is made to conduct all business travel in an efficient and economical manner. Only actual, necessary and reasonable business related expenses will be reimbursed. In addition, adequate documentation must be maintained to justify the travel reimbursement made to staff.

Service providers who operate under a subcontract with an LGU must adhere to the travel policies established by that LGU. For service providers directly funded by OASAS and for LGUs that do not have their own established policies, the amounts allowed for travel, meals and lodging cannot exceed the maximum reimbursement rates allowed by the OSC for state employee travel.

### **Minimum Requirements**

To ensure uniformity in the documentation process for all reimbursable travel, service providers are advised to develop and maintain standard travel reimbursement policies and forms available to all staff. Providers may base their policies on either state or federal guidelines. Service providers should take into consideration the following standards in developing their individual travel guidelines and designing staff travel reimbursement forms.

### **Per Diem Rates**

- The maximum per diem rates allowed by OSC are established by the Federal Government and available at the General Service Administration (GSA) Office of Government-wide Policy website at the following web address: <http://www.gsa.gov/perdiem>.
- If there are circumstances that justify the need to exceed these rates, service providers must contact their OASAS Field Office Program Manager in advance of incurring such expenses to obtain a written waiver to the rates.

### **Travel Status**

Reimbursement of travel expenses such as meals and lodging is permitted only when an employee is in "travel status." Generally, when an employee is on assignment at a work location more than 35 miles from both his/her home and designated work location, he/she is considered to be in "travel status." Unless a service provider specifies a reasonable alternative definition of "travel status" in its written policies for purposes of staff travel reimbursement, it is expected to adhere to the 35-mile standard. Any alternative definition must articulate a reasonable standard for determining "travel status" based on distance traveled or nature of off-site activities and must be approved by the appropriate OASAS Field Office Program Manager.

## **Designated Work Location**

Designated work location is where the employee was hired to work and should be designated by the service provider. The purpose of a designated work location is to establish when an employee is in travel status and eligible for travel expenses. Travel between employee's residence and designated work location is considered commuting and not reimbursable.

## **Transportation Expenses**

When choosing the method of transportation, management should consider several factors, such as distance traveled, time to travel this distance, number of travelers, numbers of locations to be visited, and what types of transportation may be available (i.e., common carrier; agency, personal or rental vehicle). In all cases staff should attempt to use the most economical/cost effective mode of transportation based on the aforementioned factors. If the circumstances require a more expensive method, management should review the circumstances and provide documentation of such review and approval to the employee so that he/she can file a copy of it with his/her request for reimbursement of expenses relating to such travel.

## **Agency Car**

If the service provider has a vehicle available for staff use, every effort should be made to use the vehicle. Employees are eligible for reimbursement for gasoline and any other necessary or emergency expenses actually incurred and documented. Providers must maintain an ongoing vehicle travel log that records aspects of usage including, but not limited to, dates and times of travel, destination, starting and ending mileage, and operator name. If the provider vehicle is not available for use, then appropriate justification should be maintained to allow for the use of the employee's private vehicle or a rental vehicle.

## **Personal Car**

When an employee uses his/her own vehicle for agency business, he/she will be reimbursed a specified rate for mileage. This rate includes all charges for gas, oil, maintenance, repairs and insurance. No other charges will be reimbursed. Employees may be reimbursed at a rate determined by the agency/LGU. Such rate may not exceed the current IRS maximum reimbursement rate. Reimbursements in excess of these amounts are subject to withholding and reporting requirements established by the IRS. The current maximum mileage allowance can be obtained by accessing the IRS website at <http://www.irs.gov/publications/p463/ch04.html>. Effective January 1, 2014 the IRS allows 56 cents per mile for business miles driven, a decrease of one half cent from the 2013 rate of 56.5 cents per mile. Providers are responsible to determine any future IRS rate changes. Reimbursement for other necessary or emergency expenses actually incurred and documented will also be paid to the employee.

## **Rental Vehicle**

When a rental vehicle is necessary or prudent, the type and size of the vehicle rented should be dependent on the number of passengers and the purpose of the travel. In no case should employees be renting luxury vehicles. Any gasoline purchase and other direct costs associated with official use of the vehicle will be reimbursed.

## **Parking and Toll Charges**

All reasonable and necessary parking and toll charges will be reimbursed including those paid via E-Z Pass. OASAS encourages the use of E-Z Pass as it often results in a reduced expense.

## **Taxi Charges**

Reasonable and necessary taxi fares will be reimbursed, along with a customary tip.

## **Meals and Lodging**

Service providers have a choice of two different methods to reimburse for lodging and meals. Under state guidelines, only breakfast and dinner are reimbursed; lunch is not. However, under federal guidelines, reimbursement for breakfast, lunch and/or dinner is permitted, but not to exceed the established per diem rate. Tips and incidental expenses are included in the

reimbursement amounts. Service providers must specify, in their written procedures, the meals and lodging reimbursement method used.

## **Method I**

Employees can be reimbursed at fixed per diem reimbursement rate without receipts. This method may be used even when lodging is obtained with a relative or friend. To be entitled to the full per diem, it must be necessary for the employee to be in overnight status and eligible for both breakfast and dinner. The current fixed per diem amount based on the travel location may be obtained by accessing the OSC website at <http://www.gsa.gov/perdiem>.

## **Method II**

This allows for reimbursement of actual lodging costs up to a specific amount, plus an allowance for meals. The per diem amount is based on the area of the employee's work assignment. Receipts are required for lodging. No receipts are required for meals. The reimbursement amounts are based on rates established by the Federal Government (See Per Diem Rates section above). The rates are set depending on the County in which travel is occurring, so the County (as well as the city) must be indicated on the Travel Voucher. Given that funded providers are tax-exempt, no taxes should be paid within New York State and employees should be provided with information/forms necessary to obtain tax exempt lodging. For out-of-state travel, local and state taxes will be reimbursed in addition to the per diem amount.

## **Time Limits on Meal Allowances**

The normal per diem allowance is for dinner the first day, lodging, and breakfast on the following day. An employee may be eligible for breakfast on the day of departure or dinner on the day of return, if the below time limits are met. Any variations to the hours listed below must be identified in the service providers' policies and procedures.

### **Breakfast**

Reimbursement for breakfast is allowed if the employee had to leave at least one hour before his/her normal work starting time. For example, if the employee's regular work hours were 8:00 A.M. to 4:00 P.M., he/she would be eligible to claim the standard reimbursement for breakfast provided he/she left the residence prior to 7:00 A.M.

### **Dinner**

Reimbursement for dinner on the day the trip ends can be made if the employee returns at least two hours later than his/her normal work ending time. For example, if the employee's regular work hours are 8:00 A.M. to 4:00 P.M., he/she would be entitled to dinner reimbursement on the day the trip ends if he/she reached the designated work location or the residence after 6:00 P.M.

## **Meals for Day Trips**

Reimbursement for meals can be allowed if the employee's departure and/or return times meet the required qualifying threshold. Reimbursement can be made up to the maximum Federal amount with a receipt (see Per Diem Rates section above) or an employee may claim the unreceipted meal allowance. The current unreceipted meal allowance can be obtained by accessing the OSC website at <http://www.osc.state.ny.us/agencies/travel/method1.htm>.

## **Out-of-State Travel**

Prior approval from agency management and the appropriate OASAS Field Office Program Manager is required for all out-of-state travel. Any out-of-state travel without prior OASAS approval may subject to denial of submitted claims.

## **Baggage Expenses**

Travelers should avoid oversized baggage due to the additional cost on commercial carriers.

## **Personal Expenses**

Fines incurred as a result of moving or parking violations, laundry charges, valet service, theater tickets, and other entertainment expenses are considered personal expenses and are not reimbursable. Expenses for supplies and materials may be reimbursed if they are for reasonable and necessary business-related purposes.

## **IRS Reporting**

The Internal Revenue Service (IRS) requires withholding and reporting on the following types of travel reimbursements. The service provider's finance office is responsible for reporting this information:

- Per Diem amounts paid in excess of the per diem rate and not substantiated with receipt.
- Payments made based on any "unreceipted" meal allowance for non-overnight travel
- Mileage reimbursement in excess of the maximum rate allowed by the IRS
- Reimbursement for travel expenses for continuous work at a single location in excess of one year

## **Travel Voucher**

All employees' travel expenses must be documented in service provider records. Service providers are free to use any documentation desired as long as it includes the following:

- Employee name, home address, and job title
- Dates and items of each expenditure
- Total mileage when privately owned transportation is used
- Points of origin and destination
- Times of departure and arrival
- The business purpose of the trip for which expenses were incurred
- Receipts for transportation, lodging and tolls

## **#6 FUND-RAISING** [\(Back to Table of Contents\)](#)

### **Purpose**

This document provides guidance to service providers regarding fund-raising activities and use of the proceeds derived from such activities.

### **Background**

As a matter of policy, OASAS expects that all service providers operating OASAS-funded programs will pursue all legitimate sources of revenue in support of program services. Fund-raising activities are within the scope of approved revenue generating activities available to service providers.

### **Minimum Requirements**

Service providers, except for public schools and governmental entities, must use the following guidelines as a means of maximizing fund-raising opportunities. Public schools and governmental entities must follow the guidelines of the school district/local authorities.

### **Authorization**

The governing body of the service provider has the responsibility for authorizing fund-raising activities. The authorization should identify, in advance, the purpose and intent of the fund-raising activity and the program services or components that will benefit from the proceeds.

For example, the governing body of a multi-service agency could decide to authorize a general fund-raising effort wherein each service will share in the proceeds of the activity. The same agency could decide to authorize a fund-raising effort to benefit a specific service. Similarly, a single service agency has the option of conducting fund-raising activities to benefit the entire agency or one specific program.

Fund-raising decisions should be documented in the minutes of the Board meetings of the governing body. The service provider must maintain appropriate audit documentation indicating the method used to allocate fund raising proceeds.

### **Note**

Where a multi-service agency does not specify the intended use of fund raising proceeds, OASAS expects that the net proceeds will be shared among all program components, whether funded or not, by the percentage of the overall provider's budget. Conversely, for any fundraising efforts that are specifically not connected with an OASAS funded component, the provider must accurately list all revenues and expenses in the appropriate CFR column of this annual claiming document to clearly demonstrate the results of those fundraising efforts.

### **Year-End Cost Reporting Requirements**

In the Consolidated Fiscal Reporting System (CFRS), costs associated with fund raising cannot be charged to specific programs or included as part of agency administration. Fund raising expenses are considered a separate cost center in a service provider's General Ledger and are reported on the CFR as a non-OASAS expense. Revenues generated by fund raising activities are also reported as non-OASAS revenues. Net fund raising revenues in excess of fund raising costs may, however, be used in support of program services on the state aid claiming schedules included in the CFR. The use of these revenues should be consistent with the guidance provided in the preceding "Authorization" section.

## **State Aid Budget and Claiming Requirements**

Funded service providers should include revenues they expect to receive from fund raising activities in their operating budgets. Should a decision to engage in fund raising or to expand fund raising efforts occur after OASAS approval of service provider operating budgets and/or contracts, the service provider must submit a budget change consistent with OASAS policy.

Providers should discuss with their OASAS Field Office Program Manager, the possibility of using fund raising proceeds for additional services outside of the approved budget.

Service providers will report fund raising receipts and use of net proceeds on the mid-year Consolidated Quarterly Report and year-end Consolidated Fiscal Report.

## **Fund-Raising Practices**

Persons from whom donations are solicited in fund raising efforts should be informed of the purposes for which the funds are to be used.

Typical fund raising activities to be considered by service providers include testimonial banquets, dinners, bazaars, silent and live auctions, raffles and telephone and mail solicitations.

## **#7 EMPLOYEE SEPARATION** [\(Back to Table of Contents\)](#)

### **Purpose**

This document provides the OASAS's policy regarding severance pay under the following three categories of employee separation: voluntary, layoff, and termination for cause. This policy is in effect in the absence of a labor management contract for those service providers operating under contract with an LGU, public school district, or other governmental authority.

### **Background**

OASAS does not support payment of a severance amount in any of the three categories of employee separation noted above, and will not reimburse for these expenses. See the section on Time and Attendance for a more in-depth explanation of reimbursement of leave accruals.

### **Minimum Requirements**

Service providers are expected to establish the following minimum requirements regarding the three categories of employee separation.

#### **Voluntary**

The service provider should establish a policy regarding voluntary separation from employment which requires employees to provide written notice to their supervisor and personnel office at least two weeks prior to the scheduled termination date. Employees failing to give such notice will not be entitled to compensation for any earned and unused leave credits.

The record of attendance should be submitted by the employee and approved by his/her supervisor. The service provider shall also establish supervisory control procedures for the approval of the use of leave time, as appropriate. The service provider must maintain attendance records in a fashion that permits OASAS staff to audit the employee's time and attendance.

#### **Layoff**

For purposes of this section, layoff is defined as a reduction of permanent staff due to fiscal or programmatic considerations. It does not apply to individuals employed on a temporary or seasonal basis.

The service provider should give an employee at least two weeks written notice prior to the scheduled layoff date. During this period the employee should have the opportunity to use any accrued non-compensatory overtime and holiday time. Compensation may be paid in accordance with OASAS Time and Attendance Policies. Where appropriate, efforts should be made to facilitate placement of affected staff.

#### **Termination for Cause**

Certain acts of employees may be of such serious nature as to warrant immediate dismissal. Employees should be aware of the circumstances which would generate such action. Under such circumstances, the service provider is not required to give a two-week notice.

#### **All Separations**

Prior to leaving the job site on their last day of employment, employees must turn in all program property (such as keys, ID cards, corporate credit cards, laptops, cell phones, electronic equipment, etc.) in their possession.

Service providers should consider use of exit interviews to strengthen employee retention and obtain feedback on and improve employer/employee relations.

## #8 BOARD OF DIRECTORS [\(Back to Table of Contents\)](#)

### **Purpose**

This document provides general guidelines and minimum requirements relating to the Boards of Directors of not-for-profit service providers funded by or through OASAS.

### **Background**

Boards of Directors (Board) of OASAS-funded not-for-profit service providers oversee the creation of and implementation of policies governing program management and operations. [For more detailed information about OASAS Board of Directors requirements see NYS OASAS Operating Regulations Part 810.7 (h).]

### **Minimum Requirements**

Boards of Directors of service providers funded by or through OASAS are subject to the policies prescribed in these guidelines covering the composition of the Board, Board member responsibilities and Board meetings.

### **Composition of the Board**

The organization of Boards and procedures for the selection of Board members must be clearly outlined in the by-laws of OASAS-funded service providers. For the purposes of these guidelines and requirements, Boards of Directors may be comprised of members who are entitled by the bylaws to vote on board business and ex-officio/non-voting members. Board by-laws should specify:

- the minimum and maximum amount of voting members on the Board;
- the number of voting members required for a quorum;
- the authority of Board officers and the Executive Director;
- the terms of office, nomination and election procedures;
- the frequency and location of Board meetings;
- committee structure and;
- policies defining conflict of interest and nepotism on the part of Board members and executive leadership.

Boards of Directors of OASAS-funded not-for-profit corporations shall include qualified persons, broadly representing the community, who have sufficient independence from senior management of such corporations and who will provide the Board with the knowledge, talents and expertise to responsibly govern and oversee the affairs of the corporation, including the programmatic and fiscal operations. If corporate bylaws allow, compensated employees may serve as ex-officio (non-voting) members of service provider Boards of Directors.

It is OASAS policy that the voting members of the Board of Directors of an OASAS-funded not-for profit service provider do *not* include:

- Any compensated employee or consultant of the corporation
- Any person employed by OASAS
- Any family or household members of the not-for-profit corporation's senior management, including but not limited to the CEO, CFO, COO, Executive Director, Clinical Director and Medical Director. With OASAS review and consent, such individuals may serve on the board if the provider can sufficiently demonstrate to OASAS that the independence of the board will not be compromised by such inclusion.

## **Responsibilities of Boards of Directors**

Boards of Directors of OASAS-funded not-for-profit corporations have the legal and fiduciary responsibility for managing the affairs of the corporation in the pursuit of its missions and in accordance with all applicable laws, regulations and contractual requirements. In doing so, Boards of Directors develop and oversee the implementation of corporate policies of significance (finances, personnel, health and safety, resource development, program development, quality assurance, patient confidentiality, etc.) and provide general oversight of operations. Boards may delegate authority for day-to-day operations to corporation employees, but retain overall responsibility to ensure compliant operations. As fiduciaries, Board members must act reasonably, act loyally, obey the confines of office and the mission of the corporation, and are responsible for using good judgment in the conduct of the corporation's affairs. The Board is encouraged to have a defined and accountable committee structure to exercise its responsibilities.

Given the significant responsibilities of Boards of Directors and the changing regulatory and practice environment, OASAS-funded service provider Boards are expected to pursue available knowledge and skill training in developing and implementing Board responsibilities.

## **Executive Director and Other Highly Compensated Employees**

Boards of Directors may employ a lead administrator (i.e., Executive Director) who will be responsible for carrying out the purposes of the organization and ensuring proper and compliant implementation of Board policies and directives. The Executive Director is typically responsible for general charge of the day-to-day affairs of the Corporation, is the principal staff support person for the Board of Directors, and works to protect and safeguard the fiduciary obligations of the Board and the Corporation.

It is OASAS policy that Boards of Directors ensure that Executive Directors of funded providers have:

- i. An up-to-date Board-approved job description;
- ii. A written process for evaluating the Executive Director on an annual basis; and
- iii. A reasonable compensation policy that will be followed in determining the Executive Director's salary and overall compensation. The salary charged to OASAS for the Executive Director should be in compliance with Executive Order #38 issued by Governor Andrew Cuomo as it relates to limits on administrative expenses and executive compensation.

It is also OASAS policy that Boards of Directors ensure that the approved salaries of other highly compensated employees be in compliance with the aforementioned Executive Order #38.

## **Meetings of the Board of Directors**

Meetings of Boards of Directors should be held regularly and occur at least four times a year. The frequency of Board meetings should be stated in the Board's by-laws. The presiding officer of the Board may call special meetings when, in his or her judgment, such meetings are required to fulfill the Board's oversight responsibility. Other processes for calling special meetings may be articulated in the Board's by-laws.

Minutes of every duly held Board meeting and meetings of committees appointed by the Board of Directors must be properly recorded, approved at subsequent meetings, and maintained. Minutes must record those in attendance, all actions taken along with the reasons for such actions, the names of all voting Board members and whether motions put forth were passed or defeated. Such minutes must be made available for OASAS review.

## **Conflict of Interest**

If any Board member of an OASAS-funded not-for-profit service provider is or has been an incorporator, Board member, partner or stockholder in an entity which has operated a hospital, or any other type of residential facility certified by the State Department of Health, or its predecessor the State Department of Social Services, or a residential facility for the mentally disabled within the last ten years, the name of each such facility and any interest such individual held or currently holds therein shall be reported to the OASAS Commissioner.

Board members must fully comply with the conflict of interest provisions in the New York State Not-for-Profit Corporation Law as well as any additional OASAS requirements related to conflict of interest. Please also refer to section #9 of the Administrative and Fiscal Guidelines pertaining to Conflict of Interest. Board members shall avoid conflicts of interest where there is material or private interests, including but not limited to self dealings. Compensation of board members is not permitted. Reimbursement for reasonable and customary expenses incurred by Board members in fulfilling their obligations are allowed providing the Board has a written policy for such reimbursement and proper documentation.

## **Board Roster to be Furnished**

The OASAS Field Office should be notified in advance of changes to the OASAS-funded not-for-profit Boards of Directors and officers. In addition, a list of current Board members including addresses, email addresses, telephone numbers, and places of work (if applicable) and terms of office should be submitted to the OASAS Field Office with the annual prospective budget package.

## **Additional Guidance for Boards of Directors**

For additional guidelines to assist current and future boards of directors of New York non-for-profit corporations to understand and carry out their fiduciary responsibilities to the organizations they serve, OASAS provides a link to a publication issued by the New York State Attorney General entitled *Right From the Start Responsibilities of Directors of Not-for-Profit Corporations*.

<http://www.charitiesnys.com/pdfs/Right%20From%20the%20Start%20Final.pdf>

In addition, boards of directors should ensure that their organizations are compliant with the terms of the Non-Profit Revitalization Act of 2013 that went into effect on 7/1/14. A copy of the law and information related thereto can be found on the NYS Attorney General's Charities Bureau WebPages at: [http://www.charitiesnys.com/nonprofit\\_rev\\_act.jsp](http://www.charitiesnys.com/nonprofit_rev_act.jsp).

## **#9 CONFLICT OF INTEREST** ([Back to Table of Contents](#))

### **Purpose**

This document identifies and defines what constitutes a conflict of interest and provides standards that will help identify and prevent potential conflicts of interest involving Board of Directors members and employees of not-for-profit service providers funded by or through OASAS.

### **Background**

A conflict of interest occurs when an individual has simultaneous loyalties which are not compatible with one another. In general there are three types of activities that represent a conflict of interest and are prohibited by law, standard contract provisions, federal, state and local regulations. Such conflicts involve (1) financial interests, (2) nepotism, and (3) dual employment.

As a condition of receiving OASAS funds, service providers agree to comply with appropriate laws and regulations, including the New York State Public Officers Law particularly Sections 73 and 74 which outline potential conflicts of interest. Compliance with the above sections of the Public Officers Law is now the responsibility of the NYS Joint Commission on Public Ethics (JCOPE).

### **Minimum Requirements**

The following types of conflict of interest are prohibited.

#### **Financial Conflict of Interest**

All decisions, votes and actions of members of the Board of Directors, officers, and management concerning the business and interests of an OASAS-funded not-for-profit corporation must be uncompromised and in the best interests of the Corporation. Executive Directors and management employees are strictly prohibited from engaging in transactions with the Corporation that they or a member of their family or household have a financial interest or benefit in. In situations where Board members, members of their family or household, or their employer may materially benefit from potential transactions, they must disclose such interest in writing to the Board. They must also refrain from exercising any influence regarding the potential transaction and abstain from voting on the conflicted matter.

#### **Nepotism**

Nepotism involves paying for the services of relatives or household members of people already employed by the corporation or members of the Board of Directors. Nepotism may occur through the hiring of such persons, subcontracting to such persons or procuring goods or services from such persons (e.g., purchasing equipment from one's father's company).

The rationale against nepotism is similar to the rationale regarding financial conflict of interest. Providers should hire the best qualified employees at reasonable salaries and purchase equipment/services from the company offering the best goods/services for the most economical price. Also, governance or management oversight and supervision of the purchased goods or service should be independent and not compromised by the relationship. If a relative or a household member is retained as an employee or contractor, a presumption of conflict of interest is created and the conflict of interest requirements apply. In those cases where a related party or household member is found to be the best candidate and is hired as an employee or a contractor, the provider is expected to document that the employee/contractor is qualified and paid a reasonable salary/rate in accordance with other provider employees and contractors. In addition, such employee or contractor cannot be supervised or in the line of supervision by the related party or household member.

## **Outside Activity/Employment**

Service providers are expected to have an outside activity/employment policy in their employee manual (See Employee Manual guidelines for more information) which articulates agency procedure relative to the identification of outside activity/employment and possible conflicts of interest. Any outside activity/employment by an employee of the service provider might constitute a conflict or the appearance of a conflict of interest. A conflict might exist when the outside activity/employment involves competing interests or excessive time demands. It should be made clear to the employee that his/her program job is his/her first responsibility. Any outside activity/employment must not interfere with the employee's ability to properly perform their job function. Any outside activity/employment should be disclosed by the employee and discussed with the employee's direct supervisor to ensure that it will not interfere with the employee's job or pose a possible conflict of interest. Documentation of all disclosures of outside activity/employment should be maintained in the employee's personnel file, as well as any agency determination of whether a conflict exists.

## **Purpose**

This document identifies minimum requirements for OASAS funded service providers regarding their responsibilities in maintaining an employee manual.

## **Background**

An employee manual is an essential element of any personnel management system. It provides an explanation of an employee's rights, responsibilities and benefits in the organization. It serves as a basis for how the employee relates to the organization.

## **Minimum Requirements**

OASAS requires its service providers to maintain a current employee manual. Areas to be covered in such a manual must include:

- Organization purposes and goals
- General personnel policies
- Employment, promotion, separation policies
- Employee orientation and training
- Employee appraisal (probationary and regular)
- Time and attendance
- Salary and job title structure
- Employee benefits
- Affirmative action/non-discrimination policies
- Sexual harassment policies
- Violence in the workplace
- Emergency preparedness policies and procedures
- Grievance procedures
- Conflict of interest policies
- Outside employment policies
- Employee travel and travel reimbursement policies and procedures \*

All service providers must ensure that their personnel policies are consistent with OASAS standards, all federal, state and local labor laws and approved by their Board of Directors. Service providers should bring any employee policies which are inconsistent with OASAS standards to the attention of their assigned OASAS Program Manager. OASAS may, under appropriate circumstances and on a case by case basis, authorize exceptions to these requirements. For example, OASAS may authorize an exception because an existing collective bargaining agreement addresses a particular issue covered in these requirements.

\* Policies and procedures for employee travel may be included within the service provider's Fiscal Policies and Procedures Manual or within the Employee Manual.

## #11 EMPLOYEE PERSONNEL RECORDS [\(Back to Table of Contents\)](#)

### **Purpose**

This document identifies minimum requirements for OASAS funded service providers regarding their responsibilities in maintaining employee personnel records.

### **Background**

Current and complete information for all employees should be maintained to ensure accurate salary details, payroll deductions, employee benefits and other matters.

### **Minimum Requirements**

OASAS requires its service providers to maintain complete and up-to-date employee personnel records. At a minimum, such records should contain the following:

- Resume or employment application which includes prior work history
- References with documentation of written or oral verification
- Hiring notice/letter
- Copy of job description and qualifications
- Copy of performance evaluations
- Salary actions, promotions, etc.
- Income Tax Withholding Forms (W-4 and IT-2104)
- Employee benefits records (e.g., health insurance, pension, etc.)
- Record of training received, if any
- Professional licenses/certification and credentials
- Copies of letters of commendation, if any
- Copies of supervisory counseling memoranda, if any
- Disciplinary actions, if any\*
- Grievance matters, if any
- Separation records, if any
- Outside employment applications and approvals, if any
- Other pertinent correspondence

\* Disciplinary actions should only be included when there is a final determination warranting such action. If there was not a sufficient basis for proceeding with the disciplinary action, the records of such action should be maintained in a separate file.

Personnel records are confidential and should be maintained in a secure location. Personnel records must be accessible for review by OASAS staff.

## #12 CHANGES IN EMPLOYEE COMPENSATION [\(Back to Table of Contents\)](#)

### **Purpose**

This document identifies minimum requirements for OASAS-funded service providers regarding required approval for changes in employee compensation.

### **Minimum Requirements**

Employee compensation levels, including of personal service and fringe benefit costs, are initially stated in the Consolidated Budget Report (CBR) that is submitted by all OASAS-funded providers and then subject to approval by the OASAS Field Office and the OASAS Bureau of Budget Management. For non-direct OASAS contracted providers, the CBR must also be subject to appropriate review, approval and sign-off by the LGU.

Providers must obtain prior written approval from the OASAS Commissioner, or the Commissioner's designee, for any across the board changes in compensation including increases in salary or incentive/bonus payments of any kind. In addition any changes in compensation, including hiring a new employee, for the following positions require prior written approval by the OASAS Commissioner, or the Commissioner's designee: Chief Executive Office (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Executive Director, Comptroller, Chief Administrator, Medical Director, Clinical Director, Program Director/Supervisor, or any other job title that encompasses the duties performed by any of those positions.

OASAS approval is not required for changes in compensation, including hiring of staff other than the above mentioned group unless it is part of an across the board change.

## **#13 INSURANCE REQUIREMENTS** [\(Back to Table of Contents\)](#)

### **Purpose**

This document identifies minimum required insurance coverage for OASAS-funded service providers.

### **Background**

Contents, building/property and liability insurance coverage must be in place for OASAS funded providers whenever OASAS funds have been provided to pay for any portion of the cost of equipment, buildings, vehicles and other items of value in the course of operating the program. In the case of properties that have been either constructed or renovated with the use of OASAS funding, OASAS should be named as an additional loss payee on the provider's insurance policy.

### **Minimum Requirements**

OASAS requires its service providers to maintain sufficient replacement insurance coverage in the aforementioned areas and to provide such policies for the review of the OASAS Field Office during the initial budgetary process. Providers are further required to provide the OASAS Field Office with copies of documents that outline any changes or updates to coverage and to provide evidence of continued insurance on an annual basis.

## #14 MEDICAID PARTICIPATION AND COMPLIANCE REQUIREMENTS [\(Back to Table of Contents\)](#)

### **Purpose**

This document identifies requirements expected to be completed by service providers who are certified by OASAS and bill Medicaid.

### **Background**

The New York State Department of Health (DOH) is the single State Medicaid agency responsible for the administration of the New York Medicaid Program under Title XIX of the Social Security Act. DOH maintains the Medicaid State Plan and promulgates regulations and guidelines necessary for Program administration, enrollee eligibility and provider participation. The Deficit Reduction Act of 2005 and the Affordable Care Act (ACA) imposed numerous requirements on State Medicaid agencies to combat fraud and abuse in Federal Health Care Programs. To implement these requirements, New York State enacted Social Services Law § 363-d which requires that Medicaid providers develop, adopt and implement effective compliance programs aimed at detecting fraud, waste, and abuse in the Medicaid program. Regulations found in 18 N.Y.C.R.R. Part 521 provide additional direction on how the mandatory compliance law for Medicaid providers in New York State operates. Part of an effective compliance program is a requirement that all providers, physicians or other professionals who order or refer services for which a claim will be submitted to the Medicaid program be enrolled as participating providers (see 42 CFR 455.410 (b)). Therefore, any unenrolled provider, including any provider who is terminated from the Medicaid program for any reason (i.e. excluded), is not allowed to furnish, order, prescribe, or make referrals for services for which claims to the Medicaid program will be generated. Further, the scope of the exclusion extends not only to the direct provision of medical services to Medicaid beneficiaries, but also extends to administrative and management services that are a necessary component of providing services to beneficiaries.

### **Minimum Requirements**

OASAS-certified providers who participate in the New York State Medicaid Program agree to abide by the Medicaid regulations and guidelines applicable to their programs. This includes all regulations and guidance issued by OASAS, DOH, Local Departments of Social Services and the New York City Human Resources Administration. Providers should be diligent in familiarizing themselves with the eMedNY provider manuals and specific rules and regulations governing the provision of services to Medicaid recipients. Providers should also regularly check DOH's [Medicaid Update website](#) to remain aware of changes in the Medicaid Program.

OASAS certified providers that bill Medicaid must have compliance programs if they reasonably expect to claim more than \$500,000 in Medicaid revenue in a 12 month period. These providers are required to certify that their compliance programs meet the requirements of the Mandatory Compliance Law. The certification must be done electronically using a form that is available on the New York State Office of the Medicaid Inspector General's (OMIG) web site.

In order to meet the obligations imposed by the federal government and New York State, providers have an obligation to screen employees, prospective employees, and contractors, both individuals and entities, to determine if they have been excluded or terminated from participation in federal health care programs or New York Medicaid. Providers should use the OMIG Website at [www.omig.state.ny.us](http://www.omig.state.ny.us) to perform this process. In addition to the OMIG's list, providers should also screen individuals/entities against the United States Department of Health and Human Services' (DHHS) Office of Inspector General's (OIG) list available at: <http://oig.hhs.gov/fraud/exclusions.asp> and the General Services Administration's (GSA) List of Parties Excluded from Federal Procurement and Non-Procurement programs available at: <https://www.epls.gov>. Web searches should be performed for each individual upon hire and all employees, vendors, and referral sources should be rescreened on a monthly basis.

## #15 FISCAL REVIEW AND AUDIT PROCESS

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### **Purpose**

This document identifies the process to be used by the OASAS Office of Audit Services' Fiscal Audit and Review Unit (FARU) when examining the administrative and fiscal records of OASAS-funded providers.

### **Background**

The OASAS FARU monitors the fiscal activities of OASAS-funded providers to ensure compliance with existing regulations, adherence to agreed upon budgets and the provision of services in an efficient and economical manner. A key component of the engagement is an examination and assessment of the provider's internal control structure. FARU will both review the written documentation of the internal control system's policies and procedures and determine if the controls are being fully implemented in day-to-day operations. During the review or audit, FARU will require unrestricted access to appropriate personnel, agency records, files and other information to effectively conduct its work.

The fiscal review or audit process will include an opening conference where provider officials are informed of the scope of the upcoming examination, the operating time period that will be covered and the expected length of time both to conduct field work and to issue a draft report.

The fieldwork is the phase that usually encompasses the largest amount of time and may include one or more FARU staff members working on-site.

Upon the completion of fieldwork, preliminary findings and recommendations will be discussed at an exit conference with appropriate provider officials, OASAS Field Office staff and LGU representatives (if applicable). Subsequently a draft report will be issued to the provider who will have a specified time frame, typically 30 days, in which to respond to its findings/recommendations, identify areas of agreement/disagreement with its contents and submit a Corrective Action Plan (CAP) if that is indicated. Upon receipt and evaluation of the provider's response a final report will be issued to the provider that will disclose all final determinations, include any supplemental documentation offered by the provider as an appendix, and indicate a plan of follow-up if necessary. If a provider does not respond to the draft report, FARU will issue its final report without the provider's requested input.

OASAS may recover monies in any instances where a provider has been proven to have underreported its revenue or submitted claims containing unallowable, unapproved, or inappropriate expenditures. The final review/audit reports may identify specific adjustments and/or disallowances that could result in the need for a provider to amend and resubmit their CFR claiming documents for the reporting period in question. In such cases, FARU will explain to the provider the process it must follow in submitting amended claiming documents. FARU may also determine that funds (State Aid or related third party funding) used by the program were not appropriately expended under the rules, regulations and guidelines specified by OASAS. Depending on the dollar amount FARU may direct the provider to repay the inappropriately expended funds directly to the OASAS Bureau of Provider Monitoring and Funding (BPMF) by a specified date. The BPMF will then directly follow up with the provider. Alternatively, should a provider be unable to fully comply with the required payment date, they may request, in writing to the BPMF, alternate payment arrangements that might include either direct installment payments or the reduction of future State and Federal Aid advance payments. The recoupment of funds from prior periods may also impact the amount of future State Aid advance payments.

FARU and the OASAS Field Office will perform follow-up activities to confirm that the provider implemented its CAP. The schedule of follow-up will be based on the extent and nature of the findings identified in the report and the provider's response. The time frame may range from a more immediate review of actions taken by the provider to waiting until the next scheduled FARU fiscal examination. In addition, at its discretion, and as part of its fiscal oversight, the OASAS Field Office may return sooner to follow up on CAP compliance and to possibly conduct an interim fiscal site visit.

### **Minimum Requirements**

Providers are required to offer their full cooperation to OASAS personnel including those from FARU, Field Office and the Central Office in the course of conducting any fiscal or programmatic reviews or audits.

## #16 FEE POLICY AND FEE-COLLECTION PROCEDURES

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### **Purpose**

This document details OASAS policy regarding provider fees and fee-collection procedures for the provision of treatment services and includes information about certain Medicaid legal requirements. Please also refer to section #14 pertaining of the OASAS Administrative and Fiscal Guidelines that pertains to Medicaid Participation and Compliance Requirements. OASAS policy is consistent with Mental Hygiene Law (MHL), which requires LGUs and agencies to establish reasonable fees and fee-collection procedures for treatment services provided under OASAS regulations. OASAS requires that all certified providers adopt policies and procedures governing the assignment and collection of fees in accordance with this policy.

### **Statutory/Regulatory Authority**

New York State MHL Articles 25.17 and 41.25; New York State Department of Health Social Services Rules and Regulations § 515.2(8), (9) and (17).

### **Background**

OASAS requires all certified providers to develop fee policies, payment scales and fee collection practices that are fair, consistent, lawful and consistent with this policy. All providers are required to make such information available to OASAS and/or the LGU upon request.

OASAS seeks to ensure that providers' fee-policies and fee-collection practices are fair, consistent and legal.

OASAS recognizes that treatment is not free and supports payment for services. Studies show that payment for services has therapeutic value when providers set fair treatment fees and implement consistent collection procedures. Patients are required to pay equitable fees for services, or obtain insurance coverage when eligible.

### **Policy**

OASAS affirms that treatment is primary. OASAS expects all providers to maintain treatment-first standards, while maximizing revenue. Fees must be fair and collection practices legal. Providers should integrate fiscal goals within sound clinical practice and individualized treatment. All providers are required to establish written policy and procedures for fee assessment and payment collection, which must include the following:

- OASAS-funded providers cannot refuse treatment to a patient due to an inability to pay for treatment services. OASAS-funded providers must accept otherwise eligible applicants who are unable to pay, and assist in obtaining coverage or payment after admission. Non-funded providers are recommended to follow the same principle.
- OASAS-funded providers must accommodate low-income brackets and include patients' ability to pay in their fee analysis and collection procedure. Non-funded providers are recommended to do the same. Fee assessments should occur at admission, when patients' financial situations change, and at any time a patient requests a re-assessment.
- OASAS-funded providers must apply fair self-pay fees for patients who are employed by using a progressive sliding scale based on net income and objective criteria, including: verifiable household income; number of dependents; and other common expenses such as rent and medical. Fees should not be based on a fixed percentage across all income brackets, which could disproportionately penalize lower-income patients, but rather, should use larger percentages as patients' available income increases.
- Self-pay fees for out-patient services are to be all inclusive and reasonably related to cost of overall services.
- All providers must give receipts to patients immediately after payment of each self-pay fee, and upon request. Patients have a right to receive a written summary or copies of their bills and payments upon request.
- Providers may charge 'spend-down' patients only long enough to activate full Medicaid coverage. Providers must give such patients a bill/receipt with attendance dates for the patient to provide to the local department of social services.
- It is illegal for a provider to charge Medicaid-covered/eligible patients any fee for services covered by Medicaid. Providers cannot require and charge a Medicaid-covered/eligible patient to obtain adjunct or non-essential

services. Providers cannot require minimum services or visits that are not clinically appropriate for purposes of collecting Medicaid revenue. Providers cannot collect a self-pay fee for missed visits.

- Providers cannot retroactively apply upward adjustments for services already provided. Providers cannot discontinue needed services while temporary interruptions of insurance or Medicaid coverage are being resolved.
- Providers must give patients, at initial contact and upon the patient's request, a copy of the provider's fee policy, sliding scale, assessment criteria, and collection practices, including a delinquent-payment policy/procedure and incremental consequences. Patients/applicants should agree in writing to abide by the provider's fee policy after receipt.
- Patients who are able but repeatedly refuse to pay or patients who are eligible for insurance but repeatedly refuse to obtain or maintain coverage, may be discharged involuntarily.
- Funded providers must have reasonable fee collection practices to ensure maximization of third party revenues from all available sources. Failure to vigorously seek other third party revenues may affect continued payment of state aid.

LGUs may require filing, review and approval of provider fee policies and scales, and may add requirements, if necessary. OASAS recommends that all providers review and conform to any local requirements regarding the collection of fees.

### **Conclusion**

OASAS is committed to effective treatment with fiscal responsibility, including equitable fees and collection policies for delivered services. All providers are responsible to comply with the above-stated policy, as applicable, and to update fee schedules and collection policies, if and when appropriate.

### **Source(s) of Further Information**

Copies of Medicaid updates are available at: [http://www.health.state.ny.us/health\\_care/medicaid/program/update/medup-c.htm#copay](http://www.health.state.ny.us/health_care/medicaid/program/update/medup-c.htm#copay)

Copies of the Medicaid Provider Manual are available at:

[http://www.emedny.org/providermanuals/allproviders/pdfs/information\\_for\\_all\\_providers-general\\_policy.pdf](http://www.emedny.org/providermanuals/allproviders/pdfs/information_for_all_providers-general_policy.pdf)

**Purpose**

This document informs OASAS funded service providers of the process for property leasing. The provider is responsible for arranging a fair market rent study to be completed before entering into a new/renewed lease.

**Policy**

It is the policy of OASAS that property lease costs to be included in approved OASAS State Aid funding budgets must be at or below the fair market rental of similar properties in the community. OASAS-funded programs must meet the regulatory requirements of 14 NYCRR 810.7 (d) which requires leases to include the following provision: "The landlord acknowledges that the rights of reentry into the premises as set forth in this lease do not confer on the landlord the authority to operate a substance use disorder program. The landlord agrees to give OASAS at least thirty days notice by certified mail of the intent to re-enter the premises or to initiate dispossess proceedings and at least sixty days notice of expiration of the lease." The lease must also be of sufficient term to ensure program continuity with an additional term of years. Longer terms will be required, usually 25 to 30 years, if financial support is provided for a capital project from the DASNY bond program. Any lease which does not include the minimally required provisions set forth above must receive the written prior approval of the OASAS Field Office for the rent to be included in an approved OASAS State Aid funding budget.

To allow for continuity, any lease negotiated should be for a period of no less than five years and include an option allowing the provider to renew it for an additional five years. These periods can be modified, to reflect a changing community, uncertainty of continued funding or the costs of renovation by a landlord or the provider.

Leases between a provider and a Closely Allied Entity (CAE) must also meet these requirements with the additional requirement that the rent payment must be the lower of fair market rent or actual cost to the CAE of acquiring and maintaining the property. Please also refer to section #20 of the OASAS Administrative & Fiscal Guidelines as it pertains to the Determination of Service Provider Compliance in Regard to Financial Transactions with CAEs.

Reimbursement of property lease costs is subject to the final review and approval of the OASAS Field Office and is subject to the availability of OASAS funds.

**Procedure**

The provider should begin negotiation for renewal at least one year before lease expiration. This will allow time either to renegotiate successfully or to relocate the program if necessary.

**A. Site Search For Relocation Or Site For New Service**

As far in advance of need as possible the provider should proceed as follows:

1. Obtain the services of a reputable licensed real estate professional, such as a licensed real estate broker, certified appraiser or real estate lawyer, familiar with the community.
2. Determine the amount of space required. We recommend use of [OASAS Guidelines for Preparation of Space Plans for Chemical Dependence Services](#) or seeking the advice of the OASAS Capital Management Bureau at (518) 457-2545.
3. Determine the area of the community in which a site should be sought based on accessibility to the provider's primary clients or target population. This should be discussed with the selected real estate professional in terms of its reasonableness for the proposed use and the levels of rentals likely to be found in that area. The provider's current OASAS-approved rent budget should be the starting point for the selection of potential sites for relocation or new sites for additional or expanded services.

4. Determine the type of space needed. Residential programs will need spaces that are zoned and constructed for residential use. However, in the vast majority of rental situations, the provider is in need of general office space needing only minor changes in internal partitioning to allow unique spaces for special services.
5. Inform the real estate professional when the space will be needed. The provider should also inform the real estate professional that any lease must include the mandated provisions required by 14 NYCRR 810.7(d).
6. The real estate professional should be asked to identify at least three separate rental properties for the provider's consideration.
7. Before making a final decision on a site, the provider should arrange for a fair market rent study to be done of the first choice property to ensure that the asking rent is not excessive for the area. The provider should have the rent study performed by a Certified Appraiser who is a member of the Appraisal Institute and require that it be performed in accordance with the standards of the Institute (visit [appraisalinstitute.org](http://appraisalinstitute.org) for more information). The general time frame for completion of these studies is four to six weeks. However, this is subject to the degree of complexity. In lieu of a study performed by a Certified Appraiser, the provider's real estate professional may prepare a documented comparison of rents for at least 3 comparable properties in the preferred area.
8. If the rent study is needed for a project that will be funded with an OASAS Capital grant, the need for the rent study will be part of the review of the capital project as part of the Schedule C process.
9. After selection of a site, the proposed lease, the rent study report and the floor plans must be submitted to the appropriate OASAS Field Office. These materials must be submitted at least 90 days prior to the effective date of the lease. If the site represents a relocation or a new service site, these documents should be submitted no later than submission to the Bureau of Certification of the information necessary for certification.

## **B. Renewal of Existing Leases**

If the provider and its current landlord are on reasonably good terms as the end of a lease term approaches; the provider should consider renewal of the existing lease. This should be considered even if there is no provision for renewal in the lease and even if the provider needs additional space or certain improvements or changes to meet program needs. Again, the process of renewal should begin at least one year prior to expiration.

1. The provider should identify any additional or changed needs for space and consider whether they can be met in the leased building.
2. The need for additional space or other changes should be presented to the landlord (or the landlord's representative) for consideration as to feasibility and effect on the rent.
3. If the provider and the landlord can come to an agreement regarding changes, the proposed renewed lease will need to be evaluated for fair market rental in accordance with item 7 above.
4. If the provider anticipates continuing the leasehold, the renewed lease, the fair market rent study report and the floor plans (with revisions noted which will be accomplished under the new lease) must be submitted to the appropriate OASAS Field Office. The Field Office will forward the documents to the OASAS Capital Management Bureau if revisions to the floor plan are being made.

## **Source(s) of Further Information**

If you require further clarification of the issues detailed in this Bulletin, please contact the appropriate OASAS [Field Office](#).

## #18 PERSONAL NEEDS ALLOWANCE (PNA) FUNDS [\(Back to Table of Contents\)](#)

### Purpose

This document serves to reinforce the guidance and clarification contained in the attached [Administrative Directive 06-ADM-03: Personal Needs Allowance in Level 2 Congregate Care Residential Alcohol and Substance Abuse Treatment Programs](#) issued by the [New York State Office of Temporary Disability and Assistance \(OTDA\)](#). The ADM focuses on the appropriate use of, and accountability for, Personal Needs Allowance (PNA) funds provided under OTDA's official regulations to temporary assistance (TA) recipients residing in Level 2 Congregate Care residential alcohol and substance abuse treatment programs certified by OASAS.

### Background

PNA money is intended for patient's personal-need items not provided by the residential program. Residential programs cannot deny a patient's request for PNA money to purchase clothing, personal hygiene or incidental items. In addition, residential programs must:

- Return PNA money to patients who complete treatment at the time of departure from the program.
- Keep patient's PNA money separate from a program's operational funds.
- Provide patients with a copy of their PNA account upon request, and provide quarterly statements.
- Return PNA money to the local social services office within 30 days for any patient who leaves prior to completion.

OTDA is responsible for assuring the appropriate accountability and use of PNA funds by Level 2 Congregate Care programs authorized by Local Department of Social Services (LDSS) to receive such funds on behalf of resident temporary assistance clients. In an effort to assist LDSS and the Level 2 Congregate Care facilities to better assure the proper management of PNA funds, OTDA completed on-site reviews of several residential chemical dependence treatment programs and focused on their PNA procedures, practices and transactions. Based on these reviews, OTDA, in collaboration with OASAS, developed [Administrative Directive 06-ADM-03: Personal Needs Allowance in Level 2 Congregate Care Residential Alcohol and Substance Abuse Treatment Programs](#) to provide uniform guidance and clarification on:

1. How PNA funds should be accounted for;
2. What PNA funds can be used for; and
3. When PNA funds must be returned to the LDSS and/or the Human Resources Administration.

### Required Action

**All OASAS-certified providers that receive PNA funds on behalf of their eligible residents must comply with the guidelines provided in the attached OTDA Administrative Directive, particularly Section B – Responsibilities of Level 2 Residential Alcohol and Substance Abuse Treatment Programs. Providers are also encouraged to carefully review the questions and answers provided with the ADM and use them as a resource for added clarification and guidance.**

## #19 REPORTING REQUIREMENTS AND SANCTIONS FOR NON-COMPLIANCE

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### Purpose

This document summarizes OASAS' reporting requirements and provides notice of the sanctions this Agency may impose on reporting entities found to be delinquent in the submission of required reports and other information. It is extremely important for reporting entities (service providers and LGUs, as appropriate) to comply fully with all information reporting requirements. This ensures effective administration of OASAS' statutory responsibilities for funding, regulating, and overseeing the chemical dependence service delivery system in New York State. This policy advises providers and local governmental entities of their reporting obligations and helps to eliminate delays and/or persistent delinquency in fulfillment of these obligations.

### Applicability and Authority

Pursuant to Articles 19, 25, 32, and 41 of the Mental Hygiene Law and 14 NYCRR, Part 841 of OASAS regulations, and in accordance with the standards provided in the CFR Manual, OASAS-certified and/or funded providers of chemical dependence treatment, prevention, recovery, and/or problem gambling services are required to report financial and other service-related information to OASAS. This policy statement supersedes Local Service Bulletins (LSB) 2007-05 and 2006-03.

### Definition

Funded Service Provider:

A funded service provider may be any not-for-profit, governmental or municipal organization, including school districts and individual schools, that receive net deficit funding (State Aid) from OASAS in support of one or more chemical dependence/prevention/problem gambling, housing program or other specialized service. State Aid can be provided through a direct contract with OASAS or through a contract with an LGU.

### Reporting Requirements

The [Reporting Requirements for OASAS Reporting Entities](#) (formerly referred to as [Exhibit A](#)) details the specific reporting requirements for OASAS reporting entities and the corresponding due date for the submission of such reports. These include:

- Changes in Board of Directors
- Client Data System, Chemical Dependence
- Gambling Patient Data System
- Site Review Corrective Action Plans
- Federal Grant Sub-Recipient Single Audit Report
- Annual Consolidated Fiscal Report (CFR) and Required Additional CFR Attestations
- Final Expenditure and Revenue report
- IPMES
- Program Profile and Services Inventory
- Local Services Plan
- Mid-Year Expenditure and Revenue Report
- Prospective Budget
- Report of Death
- Prevention reporting in WITNYS

The Consolidated Fiscal Reporting is defined as electronic submission of the appropriate annual CFR, as well as OASAS' receipt of original signed paper copies of required CFR certification schedules, attestations, independently certified general purpose financial statements and any other additional documentation or information requested by OASAS as a result of a CFR desk review.

In addition to required reporting as detailed in the Reporting Requirements for OASAS reporting Entities, OASAS-certified providers who receive \$500,000 or more in Federal funds in any fiscal year (threshold will be increased to \$750,000 effective in 2015) must also have a required "Single Audit" conducted as specified by U.S. Office of Management and Budget (OMB) Circular A-133. Circular A-133 requires OASAS to "Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, rules, regulations and the provisions of contracts for grant

agreements and that performance goals are achieved.” The Single Audit encompasses an examination of a recipient’s financial records, financial statements, federal award transactions and expenditures, the general management of its operations, internal control systems, and federal assistance it received during the audit period (the time period of recipient operations examined in the Single Audit, which usually covers a natural or fiscal year). Providers are required to submit a copy of their Single Audit report to OASAS within 30 days after completion of the audit, but not later than nine months after the end of their fiscal year.

### **Non-Compliance and Sanctions**

A service provider required to submit an annual CFR is considered non-compliant with OASAS Consolidated Fiscal Reporting requirements upon the lapse of the first established due date for the receipt of the required CFR/CFR-related information, or upon the lapse of an OASAS-approved extension of such due date. A service provider will be considered non-compliant with CFR requirements if by the established or approved extended due date for submission of the required CFR/CFR-related information, it fails to:

- electronically file a CFR for a given annual fiscal reporting period;
- electronically file a proper and complete CFR for a given annual fiscal reporting period in conformance with applicable instructions, policies and/or procedures published in the applicable CFR Manual;
- submit all required, signed CFR certification schedules and required additional attestations for an electronically filed CFR;
- submit independently certified general purpose financial statements for a given annual fiscal reporting period, if required by the CFR manual;
- submit additional required CFR-related information, as requested by OASAS.

Effective immediately, a funded OASAS certified service provider who does not comply with established reporting requirements as detailed in the Reporting Requirements for OASAS Reporting Entities may be subject to sanctions. Sanctions may be assigned and levied on an individual basis as deemed necessary, appropriate, and consistent with the seriousness of circumstances surrounding the delinquency and may include, singularly or in combination the:

- imposition of fines;
- withholding of advance payments and ultimately, termination of State Aid;
- suspension, limitation or revocation of the Operating Certificate; and
- notification of non-compliance to the Department of Health (DOH) in the case of Medicaid providers.

Non-compliant service providers will be given written notice at least 30 days prior to the imposition of the applicable sanction, including the opportunity to submit justification as to why the action should not be imposed. Upon the determination that the sanctioned service provider has come into full compliance with applicable OASAS reporting requirements, OASAS may, at its discretion, lift any sanctions and return the provider to good standing.

As it pertains to required A-133 Single Audit submissions, a provider’s failure to submit on a timely basis may result in OASAS withholding all Federal contract payments and advances. Continued failure to file may also result in the withholding of State funding advances.

### **Source(s) of Further Information**

Comprehensive information regarding CFR completion and submission can be found in the CFR Manual issued for the specific reporting period. CFR Manuals can be downloaded from the New York State Education Department web site: [http://www.oms.nysed.gov/rsu/Manuals\\_Forms/Manuals/CFRManual/home.html](http://www.oms.nysed.gov/rsu/Manuals_Forms/Manuals/CFRManual/home.html)

Any questions regarding this Bulletin, including additional information regarding OASAS cost reporting requirements should be directed to the OASAS Bureau of Provider Monitoring and Funding by mail at 1450 Western Avenue, Albany, NY 12203, by telephone at (518) 485-2207 or by e-mail at: [CFRS@oasas.ny.gov](mailto:CFRS@oasas.ny.gov).

## #20 OASAS POLICY ON FINANCIAL TRANSACTIONS WITH RELATED ORGANIZATIONS AND/OR INDIVIDUALS [\(Back to Table of Contents\)](#)

### **Purpose**

This document details the OASAS policy regarding financial transactions with related organizations and/or individuals and includes policy objectives pertaining to State Aid funding support to service providers with affiliated or less-than-arms-length organizations or individuals (also referred to as Related Parties). It also delineates the criteria to be used and documentation to be maintained by service providers in certifying compliance with OASAS policy on financial transactions with related organizations and/or individuals.

Service providers are required to self-report and certify their compliance with OASAS policy. All providers operating one or more OASAS funded programs are required to accurately complete a Consolidated Fiscal Report (CFR) schedule CFR-5 Transactions with Related Organizations/Individuals.

Failure to accurately disclose all financial transactions with related organizations/individuals may result in the denial of provider claims for reimbursement.

### **Policy Objective #1**

To ensure that State Aid funding support for service provider expenditures involving financial transactions with related organizations/individuals, including the leasing of property and/or the purchase of goods and services, is restricted to the lesser of the actual cost to the related organization/individual or the fair market value of the transactions.

### **Policy Objective #2**

To ensure that all funds available from fund-raising activities carried out by any related organization/individual on behalf of the service provider are appropriately applied toward the legal/corporate purposes of the service provider consistent with the OASAS mission to support and advance substance use disorder and problem gambling services in New York State.

### **Criteria and Documentation Requirements for Service Provider Compliance with OASAS Policy Regarding Financial Transactions with Related Organizations/Individuals**

The following criteria defines and describes service provider documentation and compliance with OASAS policies on financial transactions with related organizations/individuals.

### **Determination of the Existence of a Financial Transaction with a Related Organizations and/or Individuals (Formerly CAE Relationship)**

The definition of related parties and CAEs, as well as other guidance to assist in determining the existence of a less-than arm's-length financial transactions, is provided below.

*Note: If the provider experiences difficulty in applying the definition(s) and other reporting guidance, the assistance of a public accountant and/or attorney should be sought.*

### **Definitions**

#### Related Party

Affiliates, principal owners, management and members of their immediate families and any other party with which the reporting entity may deal when one party has the ability to significantly influence management or operating policies of the other to the extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

## Closely Allied Entities

All corporations, partnerships, unincorporated associations or other bodies that have been formed or are organized to provide financial assistance and aid for the benefit of the service provider. Financial assistance and aid include: engaging in fund raising activities, administering funds, holding title to real property, having an interest in personal property of any nature, and engaging in any other activities for the benefit of the service provider.

## Arm's Length

The description of an agreement made by two parties freely and independently of each other, and without some special relationship, such as being a relative, having another deal on the side or one party having complete control of the other. It becomes important to determine if an agreement was freely entered into to show that the price, requirements, and other conditions were fair and real.

A less-than-arm's length relationship may exist when:

- An individual has a financial interest (stockholder, partner, etc.) in both the service provider and in the related organization;
- A corporation, partnership, or other organization has a financial interest in the service provider;
- The service provider has a financial interest in another corporation, partnership or other organization;
- Any director, officer, administrator, or any key person of the service provider or relative of such person has a financial interest in the related organization;
- An individual is a director, officer, administrator or key person of the service provider and the related organization;
- A director, officer, administrator or key person of the related organization or relative of such person has a financial interest in, or receives compensation from, the service provider or in real or personal property used by the service provider in the operation of its program(s);

Disclosure of less-than-arm's-length financial transactions are required within a service provider's independently audited annual financial statements. This disclosure is reported under the category of Related Party Transactions, as defined by and in accordance with Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS), as promulgated by the American Institute of Certified Public Accountants (AICPA).

*Note: A key person may be defined as, but not limited to, an individual with sufficient authority within an organization to affect policies and procedures of that organization to a significant degree. If there is a question as to whether an individual should be considered a key person, assume the individual has sufficient authority to be included in the definition of key person for the purpose of the certification.*

If a determination is made that there were no less-than-arm's-length financial transactions during a fiscal reporting period, no further work needs to be completed in this regard. Service providers should maintain sufficient documentation of their determination on file, as it may be requested in connection with a financial examination of the service provider by the OASAS Fiscal Audit and Review Unit (FARU) and any other state or federal oversight agencies and/or interested stakeholders including but not limited to the NYS Office of the State Comptroller, the Office of the Medicaid Inspector General, the NYS Attorney General's office, etc.

If a determination is made that a less-than-arm's-length financial transaction has occurred during a fiscal reporting period, the following sections provide guidance for determining whether the service provider is in compliance with OASAS policy. A determination of compliance relative to each related organization/individual is required prior to service provider certification.

## **Determination of Service Provider Compliance Regarding the Purchase of Goods or Services from a Related Organizations/Individual**

The allowable cost of goods or services purchased from related organizations/individuals is restricted to the lesser of cost to the related organizations/individuals or the fair market value of the transaction. On an annual basis service providers must maintain a summary of all financial transactions with related organizations/individuals detailing the related organizations/individuals actual cost of providing the goods or services. Summaries of all financial transactions with related organizations/individuals should be sufficiently detailed to determine the validity and accuracy of the actual cost to the related organizations/individuals relative to the transaction.

For leased real property, actual costs should be limited to those necessary to finance and properly maintain the property. Typically, these costs can include principal payments and interest expense on mortgages, real estate taxes, and any other necessary and reasonable operating and maintenance costs not already paid for or the responsibility of the tenant. In addition, service providers must have on file a certified statement by an independent appraiser, made within two years of the last lease renewal. This certified statement must provide a fair market lease/rental appraisal of the real and/or personal property leased/rented by the service provider from the related organization/individual. OASAS reserves the right, at its discretion, to conduct a property lease agreement evaluation that may qualify in lieu of an independent appraisal.

A reconciliation must be performed of the amount paid to a related organization/individual and the actual cost to that related organization/individual to provide the goods or services. Any amount paid to related organizations/individuals in excess of the lesser of their actual cost or fair market value must be adjusted out of the reported expenses on the appropriate Adjustments/Non-Allowable Costs line of CFR schedules CFR-1, CFR-3, DMH-1 and DMH-2 as required by OASAS policy.

All required substantiating documentation pertaining to financial transactions with related organizations/individuals must be kept for the appropriate retention period and must be made available upon request to OASAS and any other state or federal oversight agencies and/or interested stakeholders. Expenses claimed for state aid reimbursement in excess of the lesser amount of a related organization's/individual's actual cost or fair market value will be adjusted out of the state aid approved for the fiscal reporting period.

## **Determination of Service Provider Compliance Regarding Financial Support Received From or Provided to a Related Organization/Individual**

It is OASAS policy that State Aid funding provided for a fiscal reporting period will not exceed the amount necessary to efficiently and effectively carry out approved program services. Approved State Aid funding is developed after the application of all other available financial support including financial contributions from any related organization/individual. Additionally, any financial support a service provider gives to a related organization/individual must result in a real and measurable benefit to the service provider in their provision of OASAS funded program services.

Any financial support, including fundraising efforts, received by a service provider from a related organization/individual must be used for the benefit of the service provider and appropriately reported in all required financial documents. Service providers must maintain sufficiently detailed documentation of all financial support received from a related organization/individual. Please refer to section #6 of the *Administrative & Fiscal Guidelines* for OASAS Funded Providers for more information regarding fundraising.

OASAS reserves the right to review any and all financial documents and records of related organizations/individuals providing financial support to an OASAS funded service provider or receiving financial support from an OASAS funded service provider. OASAS may, at its sole discretion, adjust a service provider's approved State Aid if any financial support received from or provided to a related organization/individual does not sufficiently support the provision of OASAS funded program services.

## **Source(s) of Further Information**

If you require further clarification of the issues detailed in these general guidelines, please contact your OASAS Field Office representative.

## #21 SERVICE PROVIDER EQUIPMENT ACQUISITIONS AND MANAGEMENT [\(Back to Table of Contents\)](#)

### Purpose

This document details reporting and recordkeeping requirements and guidelines for OASAS-funded service providers in acquiring and managing equipment assets.

### Equipment Management Requirements

All OASAS-funded service providers are expected to establish and maintain sound equipment management systems and practices, which include at a minimum the:

1. submission of equipment acquisition requests for OASAS review and approval, consistent with the requirements prescribed in annual OASAS Budget Submission Guidelines;
2. assignment of an identification number to each item of equipment and affixing a corresponding numbered tag or decal by the provider to that equipment for all acquisitions, whether by purchase, loan or donation;
3. maintenance of equipment management recordkeeping systems, capable of producing inventory listings by site, to record essential information including, acquisition date, cost or fair market value, identification number, funding source, deployment, condition and disposition data (a sample template, PAS-32, is linked below);
4. establishment and implementation of policies regarding the conduct of periodic physical inventories that should be conducted at least every two years to ensure accountability of assets and to verify current deployment, condition and utilization;
5. establishment of policies/procedures for reporting missing (lost or stolen) equipment to appropriate authorities, including law enforcement officials, insurers and other entities having an ownership interest, including the appropriate OASAS Field Office and the affected LGU; and for supplying written reports of the incident and the results of any investigation to the OASAS Field Office and the affected LGU.
6. establishment of policies/procedures for disposal of equipment after its utility has ceased, including notification of and receipt of approval from the OASAS Field Office on recommended disposition actions for equipment purchased, in whole or in part, with OASAS funds.

The equipment records maintained by OASAS-funded service providers must be sufficient to ensure that in the event OASAS funding is discontinued, the provider can provide OASAS with a final accounting of equipment that will be used to determine the proper disposition of any equipment that was purchased, in whole or in part, with OASAS funds. As stipulated in Appendix A of the funding contract, all title or interest to any equipment vests with OASAS where the purchase costs were paid with State monies provided with the funding agreement.

Since OASAS will continue to review and audit equipment asset records and management practices as part of its oversight responsibilities the provider must ensure that the above minimum requirements are met.

### Reporting Equipment Acquisition/Disposition Activity

OASAS-funded service providers are required to record equipment acquisition and disposition activity involving equipment financed, in whole or in part, with OASAS funds as well as any donated equipment. Providers are directed to maintain accurate and up to date information that may be subject to future OASAS review/audit, and encouraged to use an [Equipment Acquisition and Disposition Listing \(PAS-32\)](#) or similar document for this purpose. Service providers may need to apply more stringent equipment management practices in order to comply with the requirements of LDAs/LGUs or other sources of financial support.

### Source(s) of Further Information

Please refer any questions and/or concerns regarding this issue to your OASAS [Field Office](#).

## #22 ALLOWABLE COSTS - OASAS-FINANCED REAL PROPERTY [\(Back to Table of Contents\)](#)

### **Purpose**

This document summarizes OASAS' policy regarding reimbursable fees and expenses associated with real property transactions.

This policy is established in accordance with the Mental Hygiene Law, the Facilities Development Corporation Act, Chapter 524 of the Laws of 1944, and 14 NYCRR §321.7 and §1055.5.

Attorney fees are an allowable expense in real property transaction, subject to the following limits:

- for closings on OASAS capital funding contracts, 1/2% of the contract amount, up to a maximum of \$7,500; and
- for Dormitory Authority loan closings, \$3,500.

OASAS will consider exceptions to these limits in the following circumstances:

- in the case of OASAS capital funding contracts, when a particular closing requires resolution of legal issues not normally associated with real property transactions, but nonetheless are of a capital nature and related to a specific closing; and
- in the case of a Dormitory Authority closing, when there was no prior OASAS contract closing.

Providers must accompany requests for exception with appropriate and reasonable justification.

### **Other Reimbursable Fees and Expenses**

In addition to attorney's fees, OASAS will allow reimbursement of reasonable costs incurred in the preparation of closing real property transactions. The following fees and expenses are allowable:

- filing fees;
- search fees;
- investigation fees;
- expert consultant or witness fees;
- document request fees;
- long distance telephone charges;
- mailing (regular and express) expenses;
- copying fees, limited to reimbursement at the New York State government rate;
- fax transmission expenses that exceed regular telephone charges; and
- travel expenses, including travel-related meals, transportation, and lodging limited to the New York State government rate.

### **OASAS Approval**

All real property transaction costs are subject to review and approval by OASAS. When such costs are submitted for reimbursement, they must be supported by reasonable justification and/or substantiating documentation, as appropriate.

### **Source(s) of Further Information**

Please contact the Bureau of Capital Management at (518) 457-2545 for further information and clarification of matters expressed in this policy.