

**NEW YORK STATE  
DEPARTMENT OF ENVIRONMENTAL CONSERVATION  
DIVISION OF ENVIRONMENTAL REMEDIATION**

**TECHNICAL ASSISTANCE GRANTS  
STATE ASSISTANCE CONTRACT  
RECORD KEEPING AND PAYMENT GUIDE**

**1.0 ACCOUNTING SYSTEM**

**1.1 General Accounting System**

The New York State Office of the State Comptroller (Comptroller) requires that every Grantee maintain a Capital Projects Fund in conformance with the Uniform System of Accounts. This method of accounting is a modified accrual system and shows all capital expenses and receipts.

Adequate financial accounts and records must be established and consistently maintained in accordance with generally accepted accounting principles and practices in effect during the term of the State Assistance Contract (SAC). The Grantee must also keep a cost ledger for costs incurred by the Grantee for work performed under the SAC. The accounts and records must clearly identify eligible and ineligible costs incurred by budget categories approved in the application.

The financial accounts, records and cost ledger may be audited by the Department of Environmental Conservation (Department) and/or the Comptroller based upon applicable federal and State regulations and contractual provisions in effect during the term of the SAC. The financial accounts, records and cost ledger, including supporting documentation, must be kept intact and be readily available for six years after the final payment.

Written procedures and internal controls for the accounting system must be maintained to provide consistency in recording transactions.

The accounting and control responsibilities must be segregated from the project operations. Though the accounting function may be contracted out, the Grantee is ultimately responsible for the accounting and control responsibilities of the project.

**1.2 Minimum Accounting Requirements**

The minimum requirements for an acceptable accounting system are:

The system must include a cost ledger (general ledger) and appropriate subsidiary ledgers in which all financial transactions related to the SAC must be recorded (i.e., disbursements, reimbursements). The accounts and records must clearly identify eligible and ineligible costs incurred by budget categories approved in the application.

A separate cost ledger and subsidiary ledgers are required for each SAC. Transactions must be recorded in a timely manner. Disbursements and reimbursements must be recorded in subsidiary ledgers as they are received or incurred and summarized in the cost ledger monthly.

It is recommended that a separate checking account be maintained for each SAC to record deposits to and checks issued from the Grantee's cash account. It must be reconcilable to the subsidiary ledgers where check numbers must be listed.

Procurement records must be maintained. These records must substantiate that the Grantee has complied with all applicable procurement statutes, rules and regulations and the requirements of the SAC. Financial reports must be prepared on a monthly basis to provide the Grantee with a timely, accurate status of the SAC and of costs incurred.

**1.3 Cost (General Ledger) and Subsidiary Ledgers**

Project costs must be segregated into the various subsidiary ledgers established for each budget category approved in the application. Balances from the subsidiary ledger must be posted to the

cost ledger monthly. By recording costs in this manner, it is easier to:

- Make comparisons between actual costs incurred and budgeted amounts approved in the application;
- Review the source and use of funds;
- Review the eligibility of costs,
- Prepare financial reports.

#### **1.4 Accounting Documentation**

Each entry in the accounting records must be supported by appropriate documentation. The documentation can be generated from outside the office (i.e., invoices), and/or it can be internally generated (i.e., payroll registers, canceled checks and time distribution records). In many cases, several documents will support a single transaction. The files of supporting documentation must be coded and cross-referenced in such a way that transactions can be traced from any document dealing with the transaction back to the initiation of that transaction and forward to the entry or entries in the accounting system.

Please refer to Payment Requirements, Section 2 of this guide, for a further explanation of the documentation required.

Documentation of costs incurred by the Grantee's contractors must be maintained in a similar format acceptable to the Department.

### **2.0 PAYMENT REQUIREMENTS**

#### **2.1 General**

##### Guidance:

- a. All payment requests must be prepared and documented in accordance with this guide, the TAG Guidance Handbook and the SAC.

##### Frequency:

- b. Requests for payment (advances or reimbursements) will not be accepted more frequently than monthly.

##### Required Forms:

- c. All requests for payment must be accompanied by two copies of a State of New York Standard Voucher "Payee Certification," which must be signed under item 7 by the person authorized to sign the contract for the Grantee, or other person designated to do so by resolution of the Grantee's governing body. At least one copy of the Standard Voucher must have an original signature.

The Standard Voucher must be completed per the Instructions to Payee on the reverse side of the voucher with the exception of No. 6. Please note, you are required to fill in only the numbered blocks on the Standard Voucher. Number 6 must include the following information only: Total Cost, Ineligible Cost, and Total Eligible Cost for the payment request being submitted.

##### Payment Reviews:

- d. The payment request, along with the required supporting documentation, will be reviewed by the Department. If it is incomplete, inappropriately documented, or if documented costs are ineligible, the costs in question will be deducted from the payment request.

If the Department determines that the Grantee has not complied with TAG requirements, payment may be withheld.

In the event that a payment request is denied or partially paid, the Department will provide written notice of the reasons for partial payment or denial to the Grantee.

##### Resubmittal of Costs:

- e. Costs claimed on a payment request that are disallowed by the Department may be submitted for reconsideration within ninety (90) days of the date of the disallowance letter. Unless resubmitted within this time period, the Department's determination to disallow shall be final and binding. The resubmittal of disallowed costs must be accompanied by a request for payment (New York State Standard Voucher). Disallowed costs resubmitted on a payment

request by the Grantee must address the Department's reasons for disallowance and provide all necessary supporting documentation in order to be reconsidered.

Resubmittals for the same costs cannot be open ended. After one resubmittal, the determination will be final and binding, and a future payment request containing such costs will be returned. Any further disagreement about costs claimed and not allowed must be resolved using the dispute and appeal processes contained in the contract or otherwise available administratively.

#### Comptroller Review/Payment:

- f. The Department's review and determination to approve a payment must be reviewed and approved by the Comptroller in accordance with Section 112 of the State Finance Law prior to the issuance of a check by the Comptroller.

#### Interest:

- g. The Grantee is exempt from receiving interest on delayed payments. However, a good faith effort will be made by the State to facilitate prompt payment to the Grantee.

### **2.2 Final Payment**

The final payment must be submitted within 60 days of the expiration date of the SAC or the completion of the scope of work in the SAC if it occurs first.

Final payment for all allowable costs shall be made after:

- a. A review and determination to approve a payment has been completed by the Department and the Comptroller of all costs claimed for payment for work performed under this SAC;
- b. Work required by the SAC is satisfactorily completed and approved by the Department;
- c. Receipt of signed release(s) from the Grantee, which releases the State from any

duty to make further payment for work required under this SAC;

- d. Receipt of a statement from Grantee that all claimed costs have been paid.

### **2.3 Requests for Advances**

Requests for advances must be accompanied by appropriate supporting documentation. Supporting documents must include a breakdown of how the advance will be used and the estimated time frame for spending it. The breakdown must be in accordance with the budgeted categories approved in the application. In addition, documentation in accordance with Section 2.5 Payment Documentation must be provided in a timely manner to document how the previous advance was spent. The documentation must break down how the advance was spent by budgeted categories approved in the application.

### **2.4 Requests for Reimbursement**

Requests for reimbursement must be accompanied by appropriate supporting documentation in accordance with 2.5 Payment Documentation. The documentation must break down the cost reimbursement by budget categories approved in the application.

### **2.5 Payment Documentation**

All documentation requirements contained in this guide are for costs incurred by the Grantee. Therefore, the Grantee must include language and requirements in its contracts that will insure that its contractor(s) and subcontractor(s) maintain the necessary documentation. Administrative costs are normally considered overhead (indirect cost) and, therefore, are not allowable. Examples of administrative costs are secretarial services, clerical support, internal mailing and shipping services, payment request preparation, etc. However, there may be exceptions to that rule. Exceptions must be approved by the Department prior to incurring such costs.

#### **2.5.1 Personnel Service (Direct Salary Costs)**

Scope of Work:

- a. The Grantee shall only be compensated for the direct salaries work required by the scope of work of the SAC.

Titles and Rates:

- b. Reimbursement for direct salary costs will be limited to the titles and salary rates in the Grantee's contracts. The Grantee must indicate whether the salary rate includes fringe benefits. If it does, the Grantee must provide what the fringe benefit rate is. If the salary rate does not include fringe benefits, and fringe benefits are charged separately, the calculation of the fringe benefit charge, including the fringe benefit rate, must be provided.

The title and level of effort claimed for direct salary costs must be reasonable in terms of the work performed.

Any requests for revisions to the maximum salary rates originally accepted must be made in writing by the Grantee, appropriately documented, and approved by the Department.

Reimbursement will be limited to either the maximum reimbursement rate or the actual hourly rate paid, whichever is lower.

If, during the term of the SAC, salary rates are paid by the Grantee in excess of the maximum, the excess amount shall be borne by the Grantee without reimbursement either as a direct or an indirect cost.

Record Keeping:

- c. The Grantee must keep records of payment of direct salary costs that must include the information listed below. It should be summarized by Contractor, Subcontractor, and Grantee (force account) within each budget category:
  - (a) title of each individual
  - (b) name of each individual
  - (c) salary of each individual expressed as an hourly rate
  - (d) dates worked for each individual

- (e) hours worked each day, indicating task(s) to which work is attributable
- (f) direct salary cost claimed for each individual (hours worked times hourly salary rate), indicating task(s) to which cost is attributable

Force Account:

- e. A force account proposal for work by the Grantee's own employees or its members, in the case where a citizens' group is the Grantee, must be approved by the Department prior to the work being performed.

Temporary Service:

- f. Temporary personnel (e.g., Manpower, Kelly, etc.) services are considered direct non-salary costs and proper procurement procedures must be followed for such services. See Section 2.5.2 Non-Personnel Service for documentation requirements. These services must also have prior written approval by the Department in order to be reimbursed.

**2.5.2 Non-Personnel Service (Direct Non-Salary Costs)**

Scope of Work:

- a. The Grantee shall be compensated only for actual direct non-salary costs incurred in the performance of eligible work required by the scope of work of the SAC.

Rates:

- b. Reimbursement will be limited to the rates set forth in the Grantee's contract or accepted by the Department, whichever is less.

Property Ownership:

- b. Items purchased under this SAC shall become the property of the Department at the completion of the contract, or, at the option of the Department, such item may become the property of the Grantee. If they become the property of the Grantee, an appropriate dollar value will be assigned to

the items, and a deduction in that amount will be made from other funds due the Grantee.

Property Replacement:

- c. The Grantee shall bear full and sole responsibility for the cost of replacing or repairing items that are stolen, lost or damaged while the items are in its custody, control or care, or that of its Contractors or Subcontractors. Accordingly, no reimbursement of costs incurred to replace or repair such items shall be permitted if the items have been purchased with contract funds or borrowed from the Department or a third party, unless otherwise agreed in writing. At the Department's option, the Grantee shall either compensate the Department for the repair or replacement of such items, or the Department may deduct the sum from other funds due the Grantee.

Special Shipping:

- d. Special shipping (e.g., Federal Express) is not allowed unless specifically requested by the Department.

Refundable Deposits:

- e. Reimbursement for refundable deposits is not allowed.

Supplies:

- g. Reimbursement for supplies must be accompanied by appropriate documentation (i.e., bill, invoice, receipt). The documentation must include a brief explanation of how the supplies will be used so that the Department can determine whether it is within the scope of work of the SAC.

Equipment:

- h. Unless otherwise approved in writing by the Department, reimbursement of the total rental cost claimed for an individual piece of equipment will be limited to the purchase price of that piece of equipment.

In-House Costs:

- i. In general, administrative costs such as in-house costs for computer services and telephones are not allowable as direct non-salary costs. These costs should be included in the indirect cost pool used to determine the indirect cost percentage. However, some in-house costs may be allowable if these costs were specifically excluded from the indirect cost pool. Exceptions for in-house costs charged as direct costs must be approved by the Department prior to incurring such costs.

Travel (Lodging, Meals, Transportation):

- j. Claims for travel expenses must be summarized by trip. The Grantee must provide an accounting of payment of travel expenses as follows:
  - (a) name and title of individual
  - (b) purpose of trip
  - (c) date of trip
  - (d) origin and destination of travel
  - (e) method of travel
  - (f) method of calculating mileage, if claimed
  - (g) meal allowance claimed
  - (h) receipts as required for lodging and transportation

Contract and Subcontract Costs:

- k. All contract and subcontract costs are subject to the same documentation requirements as the Grantee. Contract and subcontract costs must be accompanied by a Contractor's and Subcontractor's invoice(s), supported by appropriate documentation.

The Grantee must have procured the contractor and subcontractors in accordance with the SAC, TAG requirements, and all applicable statutes, rules and regulations.

Management fees or "markups" charged by the Grantee or the Grantee's Contractors are not eligible.

Indirect Costs:

1. The Grantee and its Contractor(s) or Subcontractor(s) will be compensated for that portion of its indirect costs that are properly allocated to the performance of work under the SAC.

Indirect costs are based on actual expenses incurred during the term of the SAC, subject to audit.

The indirect cost percentage shall be applied to the actual direct salary cost to determine the indirect cost charge. Indirect costs shall not be applied to overtime premium portions of direct salary cost. The indirect cost percentage shall not exceed the rate in the Grantee's contract. However, the indirect cost may be limited by eligibility criteria established by the Department.