Governance and Administration of Children and Youth Fund
Rules and Regulations
Issued by the Department of Finance
Effective July 1, 2020

A. Schedule for Fund Disbursement

Contingent on appropriations and the requirements of Article I and Subtitle 9, the City shall pay (each a "Disbursement") the permanent fiscal agent ("Fiscal Agent") from the Children and Youth Fund ("Fund") each fiscal year during the term of the Fiscal Agent Agreement ("Agreement"). Any expenses/costs incurred by the Fiscal Agent in excess of these Disbursements shall be the sole responsibility of the Fiscal Agent. The Fiscal Agent may allocate up to 5% of a Disbursement for public engagement and up to 15% for staff and other costs to administer the Fund during each fiscal year of the Fund. The Fiscal Agent may include the costs of contracting with subcontractors to assist with these efforts. The Fiscal Agent must allocate the remainder of the Disbursement to service and program providers ("grantees") according to the terms of Article I, Subtitle 9, and the Agreement. The Fiscal Agent shall be responsible for the provision of the day-to-day fiscal administration, contracting, and monitoring of any grantee's expenditures to ensure the reasonableness of spending by a grantee and to be in compliance with any conditions or requirements related to the funding received under the Agreement.

Upon the Board of Estimate's approval of the Fiscal Agent Agreement and the Fiscal Agent's provision approve invoice, no more than quarterly to the Department of Finance of an approved invoice with a list of subcontractors and grantees receiving funds from the Fund, the Department of Finance shall make payments of the Fund to Fiscal Agent each quarter of a fiscal year. The Fiscal Agent may also request a Disbursement of the non-lapsing unspent Fiscal 2020 or any prior appropriation to the Fund and grants and donations that have been made into the Fund above the City's appropriation via an approved invoice sent to the Director of Finance. Each list included with an approved invoice shall, upon request, show the dollar amount, the start date and end date of the services, and a description of how the funds will be used by each subcontractor and grantee that has a written agreement with the Fiscal Agent.

B. Procedures for Transfer of Funds

The Department of Finance will transfer money from the Fund by electronic payment to the Fiscal Agent each fiscal quarter. The Fiscal Agent will be responsible for dispersing the money directly to the grantees and subcontractors.

The Fiscal Agent shall only disperse funds to subcontractors and grantees that it has a written agreement with that complies with these rules and regulations. Such agreement shall include:

1. provisions for insurance as required by the Agreement unless the City's Office of Risk Management provides an exception;
2. provisions for the indemnification of the Fiscal Agent and the City; and
3. provisions for the retention of records and audits as described in the Agreement and below.

Retention of Records

The Fiscal Agent, its subcontractors, and its grantees shall maintain such records and accounts which support the services provided in this Agreement, for a period of three (3) years from termination of the agreements with subcontractors or grantees, except where unresolved audit questions require retention for a longer period as determined by the City. If there is an unresolved audit issue after the three (3) year retention period, then the Fiscal Agent shall maintain records relevant to the unresolved

audit issue for an additional four (4) years. These records shall be available during regular business hours, for audit purposes and inspection, to the City or any authorized representative of the City. If the Fiscal Agent, its subcontractors, or its grantees should cease to exist, the City may request custody of the records and accounts for which support the services provided in this Agreement but only for the retention period stated above for a relevant grant or contract.

Upon written request of the Fiscal Agent, the City may modify or waive the below retention of record requirements:

1. The Fiscal Agent shall establish and maintain on a current basis for the Fiscal Agent's operations, including its contracts with and disbursements to subcontractors and grantees:
    b. general ledger;
    c. cash disbursement journal;
    d. payroll register;
    e. time and attendance records;
    f. cumulative leave records;
    g. maintains accounts receivable, accounts payable and equipment ledgers;
    h. monthly reconciliation of bank accounts; and
    i. monthly reconciliation of petty cash accounts.
2. The Fiscal Agent shall follow these practices:
    a. all checks shall be supported by invoices, cancelled checks, receipts, etc.;
    b. all checks above $25,000 shall require two signatures;
    c. all contract expenditures for service shall be supported by approved documentation; and
    d. individual personnel file folders shall be maintained and follow human resource best practices guidelines, including an applicable privacy statement.
3. The Fiscal Agent shall ensure that its subcontractors and grantees follow the financial control guidelines detailed in its independent contractor and grant agreements, respectively.

Audit

If the Fiscal Agent, its subcontractors, or its grantees expend $750,000 or more from the Fund in the City's fiscal year, the Fiscal Agent, subcontractors, or grantees shall engage at its own expense an independent audit firm to perform an annual audit based on Fiscal Agent, its subcontractors, or its grantee's fiscal year. If the Fiscal Agent, its subcontractors, or its grantees expend less than $750,000 from the Fund in the City's fiscal year, it is not required to engage an independent auditor to perform a financial statement audit. If an audit is performed, the Fiscal Agent, its subcontractors, or its grantees shall submit an original bound audit report and all management letters in hardcopy and pdf versions to the City Auditor within the nine (9) months after the end of the Fiscal Agent, subcontractor, or grantee's fiscal year. Upon written request of the Fiscal Agent, the City may modify or waive these audit requirements.

At any time during regular business hours and as often as the City may deem necessary, there shall be made available to the City or its designated representative for examination the Fiscal Agent's records with respect to matters covered by this Agreement. In order for the City to perform a complete audit of the records of the Fiscal Agent's subcontractors and grantees in these matters, the Fiscal Agent shall maintain copies of the records or use its best efforts to have its subcontractors and grantees maintain such records. If expenditure threshold holds are met, the Fiscal Agent, its subcontractors, and its

grantees shall permit, with prior document request list, the City or its designated representative to audit, examine, and make excerpts or transcripts from such records, and to make audits of all contracts, invoices, materials, records of personnel, conditions of employment, and other data relating to matters covered by this Agreement.

The Fiscal Agent shall assist to resolve any and all applicable audit exceptions, which may be identified by the City, its designated representative, or the independent auditor and create an audit disallowance. The Fiscal Agent will be billed by the City for the amount of said audit disallowance and shall repay in a reasonable timeframe or allow the reduction of future funding in the amount of such audit disallowance. In the event of such an audit disallowance that is less than 10% of the invoiced funding amount, the City also may offset any current or subsequent monies due the Fiscal Agent from the City over the remaining fiscal year.

Adopted:

_____ Date: _____

Henry Raymond, Director
Department of Finance

Filed:

_____ Date: _____

Avery Aisenstark, Director
Department of Legislative Reference