

GLOSSARY OF TERMS

This Glossary of contract reimbursement terms is arranged in alphabetical sequence. Each term is defined in the context of the Department of Children and Families contacting system (Contract Policy and Information Manual and Contract Reimbursement Manual).

Accrual Basis of Accounting

The accounting method in which Revenue is reported in the period in which it is earned, regardless of when it is collected, and expenses are reported in the period in which they are incurred, regardless of when they are paid.

Acquiring Organization

The business entity that acquires, affiliates, consolidates, merges, etc. with a Provider Agency.

Acquisition

The takeover of one corporation by another, if both parties retain their legal existence after the transaction.

Acquisition Cost

The net invoice unit price of an item of Equipment, including the cost of any modifications, attachments, accessories or auxiliary apparatus necessary to make it usable for the purpose for which it was acquired. Ancillary charges, such as taxes, duty, protective in-transit insurance, freight and installation shall be included in or excluded from the Acquisition Cost in accordance with the Provider Agency's regular written accounting practices.

Action

Notice of an impending remedy, including Termination of the Contract. The action may be implemented during the current Contract or a subsequent Contract as appropriate.

Actual Units of Service

The number of service units delivered by the Provider Agency for the reporting period.

Additional Insured

An endorsement to a liability insurance policy extending the coverage to another party against loss in accordance with the terms of the policy.

Affiliation

The association of two or more entities for the advancement of a specific goal or purpose.

Agreement

The Standard Language Document, the Individual Provider Agreement, the Annex(es), any additional appendices or attachments (including any approved assignments, subcontracts or modifications) and all supporting documents

Allocability

A cost is allocable if it is assignable or chargeable to a particular cost objective, such as a contract, project, product, service, process, or other major activity, in accordance with the relative benefits received or some other equitable relationship.

Annex B Budget

The Attachments to the Contract Standard Language Document and Standardized Agreement containing Financial information.

Annex(es)

The attachment(s) to the Contract Standard Language Document and Standardized Agreements containing programmatic and financial information.

Applicable Credits

Those receipts or reduction of expenditures which operate to offset or reduce expense items allowable to the Contract as direct or indirect costs.

Applicant

The person, agency or entity responding to an RFP.

Approval

Written permission from the Departmental Component's Ethic Liaison Officer to attend and/or participate in an Event; to accept and honorarium or fee; and/or to accept Direct or Indirect Benefits in connection with attendance.

Award

Includes State grants, State aid, and federal and State financial assistance in the form of grants, loans, loan guarantees, property, capital funding agreements, interest subsidies, insurance, food commodities and other assistance.

Broad Form

Liability coverage that provides insurance for multiple types of perils. A Broad Form policy provides all risks coverage in one policy except for listed exclusions.

Budget Category

One of the major groupings of cost identified in the Contract Budget Annex B form.

Budget Period

A period congruent with the Contract when services are delivered. Generally, a budget will cover a 12-month period which coincides with the Provider Agency's fiscal year.

Budgeted Units of Service

The projected level at which the Provider Agency will deliver Contract services. The Budgeted Units of Service are specified in the Annex B and/or Annex B-2.

Cash Basis of Accounting

The accounting method in which Revenue is reported in the period in which it is received and expenses are reported in the period in which they are paid.

Certificate of Insurance

A statement of coverage taking the place of the policy as evidence of insurance indicating the insured.

Client Fees (also Fees)

The monetary assessment which, according to Departmental policies, may be charged to certain recipients of specific social services. Any allowable Client Fees to be charged and the amount projected to be collected by the Provider Agency in connection with the delivery of Contract services are specified in the Contract Annex (es).

Closeout “preliminary”

The process, whereby the Departmental Component reconciles the amount of funding paid to a Provider Agency during the contract term against the final Report of Expenditures (ROE) or the latest ROE submitted by the Provider Agency to the Departmental Component, and also the “final” process by which the Department of Children and Families determines that all applicable administrative actions and all required work of the Contract, with the exception of the final audit, have been completed by the Department and the Provider Agency.

Cluster:

One or more service-related Programs designated by the Departmental Component, and identified in the Contract.

Cognizant

A term used to designate audit responsibilities and is generally used in conjunction with the awarding agency that provides the predominant amount of federal and State funding.

Cognizant Division

The division or other designated component within the Department of Children and Families responsible for all fiscal Contract administration functions when a Provider Agency contracts with more than one Departmental Component.

Commercial Automobile Liability Insurance

Coverage that provides limits above the standard limits in the base policy and/or covers areas of liability not covered in a standard policy.

Conditional Contract

A social service or training Contract between the Department and the Provider Agency for less than one year during which time special terms or conditions specified in the Contract must be met by the Provider Agency.

Conflict of Interest (also Conflict)

A conflict, or the appearance of a conflict, between the private interests and the official responsibilities of a person in a position of trust. Persons in a position of trust include Provider Agency staff members, officers and Governing Board Members.

Consistency

A Provider Agency's method of accounting must be uniform from one period to another.

Consolidation

Occurs when two or more corporations cease to exist, and by the same process a new one is created, taking over the assets and assuming the liabilities of those passing out of existence.

Contract

One of the Department's social service or training Contracts with a Provider Agency. Terms and conditions of the Contract are included in the Standard Language Document, Annex (es), appendices, and attachments and Contract Modifications (including any approved assignments and subcontracts) and supporting documents. The Contract constitutes the entire binding agreement between the Department and the Provider Agency.

Contract Budget

The Department approved budget for Cost-Related Contracts contained in the Annex B and Annex B-2, and prepared in accordance with the Department's Contract Reimbursement Manual and Contract Policy and Information Manual.

Contract Modification

The formal procedures entailing the Department's written approval on the P1.10 Contract Modification form (Attachment A) to allow certain programmatic and/or financial changes in the Contract during the Contract term.

Contracted State Agency

The State organization or unit that enters into a contractual arrangement with a Departmental Component of the Department of Children and Families.

Copyrighted Material

Exclusive, legal rights to adapt, distribute, reproduce, publish or sell any information funded and developed under a Department Contract or subcontract.

Cost Analysis

The evaluation of cost data for the purpose of establishing estimates of Contract costs to be incurred and then determining costs to be reimbursed or prices to be paid. The Cost Analysis method for determining Contract value is applicable to Cost-Related Contracts.

Cost-Related Contract

A Contract for which the total value of the Contract is determined by a detailed analysis of costs, i.e., "Cost Analysis".

Cost Sharing

Denotes Provider Agency participation in the cost of Programs funded under Department Contracts. Provider Agencies are able to participate in the cost of Programs from various sources of restricted and unrestricted funds.

County Human Services Advisory Councils (CHSACs)

Councils appointed by the government of each county to review county-level human service activities and to serve as the primary vehicle for local public input into New Jersey Department of Children and Families' decision making. The activities of the County Human Services Advisory Councils include, but are not limited to, the issuance, review and comment on human service proposals; preparation of allocation plans; review of existing purchase of service contracts; and coordination and consolidation of the local human services delivery systems.

Cumulative Increase

The combined effect of all budget changes within a Budget Category.

Days

Calendar days.

Default

The Provider Agency has materially failed to fulfill or comply with the terms and conditions of the Contract.

Department

The New Jersey Department of Children and Families. As used throughout the Manual, it also means, where appropriate from the context, the division, commission, bureau, office, unit or other designated component of the Department of Children and Families responsible for the administration of particular Contract Programs.

Department Head

The administrative or executive head of the State Official's agency or his or her designee. The Commissioner of the Department of Children and Families has designated Departmental Component Ethics Liaison Officers to grant the approval defined above.

Departmental Component

The division, bureau, commission, office or other unit within the Department responsible for the negotiation, administration review, approval, and monitoring of certain social service or training Contracts.

Depreciation

The process of allocating the cost of a tangible fixed asset (e.g., buildings, office equipment and computer equipment) less salvage value, over its estimated useful life in a rational and systematic manner.

Designated Entity

That group or county board which has been given the authority by the Department of Children and Families to solicit human service proposals for the review and comment and recommended acceptance for third-party social service Contracts. Although the RFP is handled by a group other than the Departmental Component, the Contract is signed and finalized by the Departmental Component.

Direct Benefit

Acceptance by a State Official from the sponsor of an Event or any other person of travel, meals, accommodation, waiver of conference or Event fee or any other costs associated with attending the Event for which no payment is made by the State but is not intended to mean nominal refreshments such as nonalcoholic beverages and snacks (bagels, doughnuts, pastries and cookies).

Disallowed Costs

Those charges to a Contract that the Department determines to be unallowable in accordance with applicable cost principles, Department policies, or other conditions contained in the Contract.

Donor

The public (except the State of New Jersey) or private entity contributing match to a Contract.

Donor Agreement (Public or Private)

A standard written agreement between the Provider Agency and a public or private entity providing match to be used in a SSBG service Contract. The standard Donor Agreement is furnished by the Departmental Component.

Employee Fidelity Bond (commercial blanket bond)

Coverage issued for a stated amount on all regular employees of the Provider Agency insuring against loss from employees' dishonest acts.

Employers' Liability Insurance

Coverage against the common law liability of an employer for injuries by accident or disease to employees, as distinguished from the liability imposed by Workers' Compensation Law.

Equipment

An article of nonexpendable tangible personal property having a useful life of more than two years and an Acquisition Cost of \$5,000 or more per unit.

Event

A meeting, conference, seminar, speaking engagement, symposium, training course, ground-breaking, ribbon cutting, meal, open house, cocktail party, fundraiser, holiday party, social function, or similar event that takes place away from the State Official's work location, is sponsored or co-sponsored by a non-government source and the invitation for which is extended to the State Official because of his/her official position.

Expiration

The cessation of the Contract because its term has ended.

Facilities

Land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located and whether owned or leased by the Provider Agency.

Fair Market Value

The value determined to be a reasonable price for a comparable item on the competitive market in the same geographic area. Such determination is made in some cases by comparison shopping and in others by formal appraisal procedures.

Federal Government Executive and Legislative Branch(es)

An officer or employee of any federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress.

Final Contract Closeout

The process by which the Department of Children and Families determines that all applicable administrative actions and all required work of the Contract, with the exception of the final audit, have been completed by the Provider Agency and the Department.

Flexible Limits

An upper dollar limit which is established for each Budget Category, and which may not be exceeded without an approved Contract Modification. Flexible Limits are determined by adding an amount to the approved Annex B Budget.

For-Profit Contract

A Contract in which a fixed dollar amount is added to the Net Cost to determine the Contract Reimbursable Ceiling. For-Profit Contracts are allowed only with for-profit Provider Agencies.

General and Administrative or Indirect Costs

Costs which are incurred for common or joint objectives and which are not readily subject to treatment as direct costs. These costs are not directly traceable to a particular segment and probably could not be fully eliminated if any one segment of the enterprise were discontinued.

General Liability Insurance

Liability coverage for all premises and operations for all general liability hazards, unless excluded.

Governing Board (also Board)

The Provider Agency board, commission, council or other organizational body which signs the Contract, enacts Provider Agency policy regarding Contract services, and is responsible to the Department for Contract compliance.

Indirect Benefit

Acceptance by a State Official from the Event sponsor or any other person of reimbursement for costs of travel, meals, accommodation, event fees, or any other costs associated with attending the Event for which no reimbursement is made by the State but is intended to mean nominal refreshments such as nonalcoholic beverages and snacks (bagels, doughnuts, pastries and cookies).

Initial Advance Payment

The first payment made by check or other appropriate payment mechanism to a Provider Agency during the Contract term before expenses are incurred or services are provided.

In-Kind Contributions

Property or services (except the services of volunteers) which benefit the Contract Program and which are contributed by a public entity without charge to the Provider Agency. Included as In-Kind Contributions are public contributions formerly designated as CCE (Certified Cash Expenditures).

Interest

The cost incurred for the use of borrowed funds. Interest costs are generally paid at fixed intervals by the user.

Interested Party

1. Any person, or employee, representative or agent thereof, who is or may reasonably be anticipated to be subject to the regulatory, licensing or supervisory authority of the State Official's agency;
2. Any supplier, or employee, representative or agent thereof;
3. Any organization that advocates or represents the position of its members to the State Official's agency;
4. Any organization a majority of whose members are as described in paragraphs 1 through 3 above.

Letter of Approval

The written correspondence between the Departmental Component and Provider authorizing a Contract Modification approval pending submission and approval of a DCF Policy P1.10 Contract Modification form (Attachment 1).

Limits

The dollar amount of insurance carried for the types of insurance listed.

Line Item

Each entry of cost within Budget Category listed in the Annex B (e.g., the salary or wages for each position listed under the Budget Category of Personnel).

Lower Tier Covered Transaction(s) (Contract/Subcontract)

The Contract between DCF and the Provider Agency and all subsequent subcontracts, down to the lowest level, that may result from the initial Contract.

Lower Tier Participant(s) (Provider Agency/Subcontract)

The Provider Agency and all subcontractors, down to the lowest level, that may result from the initial Contract.

Management Decision

The evaluation by the federal or State awarding agency or the pass-through entity of the audit findings and corrective action plan and the issuance of a written decision as to what corrective action is necessary.

Marketable Asset

Any item of value that can be sold, bartered or traded.

Match

A percentage or designated amount of funds required as Cost Sharing for certain Department of Children and Families Contracts. Such requirements may be Departmental or statutory.

Merger

Occurs where one corporation absorbs another of relatively equal size and importance and remains in existence while the other is dissolved.

Minority

A person who is:

African American, having origins in any of the black racial groups in Africa;

Hispanic, having Spanish culture, with origins in Mexico, South or Central America, or the Caribbean Islands, regardless of race;

Asian-American, having origins in and of the original peoples of the Far East, Southeast Asia, Indian sub-continent, Hawaii, or the Pacific Islands;

American Indian or Alaskan native (Native American), having origins in any of the original peoples of North America and who maintain cultural identification through tribal affiliations or community recognition.

Minority Agency

A business or organization, profit or non-profit, which is:

A sole proprietorship, partnership, or joint venture in which at least 51% of the ownership interest is held by minorities and the policy-making, management and daily business operations are controlled by one or more of the minorities who own it; or

A corporation or other business entity authorized under the laws of the United States whereby 51% of the stockholders, board of directors, ownership or management of daily business operations is controlled by one or more minorities.

Modified Accrual Basis of Reporting

The reporting method in which all unpaid expenditures and uncollected Revenue attributable to the Contract (i.e., expenditures which are allocated to the Contract and have been incurred during the Contract term and Revenue which has been earned during the Contract term) are paid or collected by a specified date after the Expiration or Termination of the Contract. All such post-Contract payments or collections are then reported on the final expenditure report.

Net Cost

The Total Cost less Revenue.

Non-Cost-Related Contract

A Contract for which the total value is determined by a means other than Cost Analysis. Price Analysis is the most common method employed.

Notice

An official written communication between the Department and Provider Agency. All Notices shall be delivered in person or certified mail, return receipt requested, and shall be directed to the persons and addresses specified for such purpose in the annex(es) or to such other persons as either party may designate in writing.

The Notice shall also be sent by regular mail and shall be presumed to have been received by the addressee five Days after being sent to the last address known by the Departmental Component.

Open Purchase Service(s)

A contract service that is purchased on a fee for service or an as needed basis and in which the number of units to be purchased may not be fixed. Such contract service programs usually do not have a reimbursable ceiling.

Pass-through Entity

A non-federal entity, which includes a State, local government, non-profit organization and for-profit organization that transmits a federal or state award to a Provider Agency or a subcontractor to carry out a federal or State program.

Payment Rate

The agreed upon amount to be paid to the Provider Agency per single unit of service delivered under the Contract.

Person

An individual corporation, company, association, authority, firm, partnership, society, state, local government or organization.

Pre-Award Survey

The examination and evaluation of certain records and documents to determine the adequacy of the financial management and administrative systems of a potential or current Provider Agency prior to the issuance of a new or successor Contract with the Provider Agency.

Preliminary Contract Closeout

The process whereby a Departmental Component reconciles the amount of funding paid to a Provider Agency during the Contract term against the Final Report of Expenditures (FROE) or the latest Report of Expenditure (ROE) submitted by the Provider Agency to the Departmental Component.

Price Analysis

The evaluation of price data without analysis of the separate cost components in arriving at prices to be paid for Contract services. The Price Analysis method of determining Contract value is applicable to Non-Cost-Related Contracts.

Principal

Officer, director, owner, partner, key employee or other person within the Provider Agency with primary management or supervisory responsibilities; or person who has a critical influence on or substantive control over the Contract whether or not employed by the Provider Agency.

Product/Completed Operation

A form of liability insurance which covers accidents arising out of operations which have been completed or abandoned, provided the accident occurs away from the premises owned, rented, or controlled by the insured.

Professional Liability/Malpractice

Coverage for the Provider Agency and health care providers in its employ, acting under their scope of duties, while providing medical and social services care to the clients.

Program

A specific service. A Program is generally represented by each column in the Contract Expense Summary of the Annex B: Contract Budget.

Program Income

All income generated by the Provider Agency as a result of Department supported activities (e.g., third party health insurance such as Medicaid, Medicare, or private insurance plans). Program Income does not include restricted or unrestricted public or private donations to the Provider Agency.

Property Insurance

A broad form of insurance coverage for damage or loss to real and personal property.

Provider Agency (also Provider)

The public or private organization which has a social service or training Contract with the Department.

Reasonableness

A cost is reasonable if, in its nature or amount, it does not exceed that which would be incurred by an ordinarily prudent person in the conduct of competitive business.

Recipient (Contractee or Provider Agency)

The legal entity that enters into a contractual arrangement with any Departmental Component.

Reimbursable Ceiling

The cost of the Contract to the Departmental Component and the maximum payment to the Provider agency.

Replacement Equipment

Property acquired with Department funds to take the place of other Equipment purchased with Department funds. Replacement Equipment must serve the same function as the Equipment replaced and must be of the same nature or character, although not necessarily the same model, grade or quality.

Revenue

The total income generated by the Provider Agency from its Programs and activities.

Significant Events

A known or anticipated program, financial or administrative event or circumstance of a nature and extent that can reasonably be expected to diminish the quality or quantity of services to clients, or to influence or to jeopardize the ability of the Provider Agency to deliver contracted services, or to meet responsibilities under the Contract and which requires Notice to the Departmental Component. Examples include **Legal, Administrative, Financial Services** such as, but not limited to, Bankruptcy petition, Merger, Acquisition, Affiliation, Consolidation, Civil or Criminal action taken against an employee of the agency, a finding of abuse or neglect against an employee of the agency and Planned Relocation or change in Service location(s).

Staff Member

A person who receives all or part of his/her income from the Provider Agency's payroll.

Standard Language Document

The document which establishes the non- negotiable obligations, responsibilities, rights and relationships of the Contract parties.

State

The State of New Jersey.

State Agency

Any of the principal departments in the Executive Branch of the State Government (not including the Department of Children and Families) and division, board, bureau, office, commission or other instrumentality within the legislature of the State and any office, board, bureau or commission within or created by the Legislative Branch, and any independent State authority, commission, instrumentality or agency. A county or municipality shall not be deemed an agency or instrumentality of the State.

State Official

Any State Officer or employee or special State Officer or employee as defined in the Conflict of Interest Law, N.J.S.A. 52:13D-13(b) and (e).

Subrecipient (Subcontractee)

The legal entity that enters into a Contractual arrangement with a Contractee or another Subcontractee, no matter how many interceding administrative Tiers (levels) separate the parties.

Termination

An official cessation of the Contract, prior to the expiration of its term that results from action taken by the Department or the Provider Agency in accordance with provisions contained in the Contract.

Tier

Each successive, separate level of administrative organization beginning with the Department of Children and Families and ending with the Provider of service.

Total Cost

All costs including the cost of approved Equipment.

Total Operating Costs

The total operating cost(s) excluding the cost of Equipment. The term Total Operating Costs is applicable only to Cost-Related Contracts.

Trade-In

The difference between the amount that would have been paid for Replacement Equipment without a trade-in and the amount paid with the trade-in. The term refers to the actual difference, not necessarily the trade-in value shown on an invoice.

Transfer of Governing Board

Occurs when the Provider Agency remains intact, but assigns control or governance to a new entity or Governing Board.

Umbrella Organization

An affiliation among two or more business entities whereby each remains distinct, but joins to form a new collective directing organization. The new organization may be given management or service control, without acquiring the assets or liabilities of the existing entities.

Umbrella Policy

A policy that provides limits above the standard limits in the base policy, and/or covers areas of liability not covered in a standard policy.

Unit Cost

1. The Contract Reimbursable Ceiling minus Equipment divided by the Budgeted Units of Service, or
2. The cost to the Department minus any Equipment expenditures during a given period divided by the Actual Units of Service rendered during that period.

Unit of Service

The breakdown of the services used as a standard of measurement (e.g., hours, roundtrips, or meals).

Workers' Compensation Insurance

Benefits payable to an employee, without regard to liability, required by State law in case of illness, injury, disability, or death as a result of occupational hazards.