

SECTION 6 - Expenditure Reporting

SECTION 6
EXPENDITURE REPORTING

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6.1 Introduction

In most instances, cost-related contracts, regardless of the payment methodology employed, require the submission of expenditure reports to the Department. The following subsections establish policies and procedures applicable to expenditure reporting. It should be noted that the reporting requirements set forth here are minimum and may be supplemented by the contracting division. Specific reporting requirements for individual contracts are contained in the contract annex(es).

Basic for Reporting Expenditures and Revenue

There are three types of contract expenditure reports: interim, fiscal-year-end, and final. These reports must be on Department-approved forms (refer to Section 5, Standard Contract Fiscal Annexes) and must be certified by the provider agency's chief executive officer or authorized fiscal officer.

1. Interim expenditure reports may be prepared on a cash or accrual basis depending on the provider agency's method of accounting. However, reported expenditures and revenue must be treated consistently according to the manner in which costs were budgeted; must be consistent with the provider agency's account structure and reporting practices; and must be reconciled with the provider agency's books and records.
2. Interim expenditure reports will include expenditures applicable to State agency funded contracts and not include organization-wide expenditures.
3. Fiscal-year-end and final expenditure reports must be completed on an organization-wide basis if the provider agency is charging the State agency for indirect, general and administrative or allocated costs. If a provider agency is not charging the State agency indirect, general and administrative or allocated costs, the fiscal-year-end and final expenditure reports will not be required to be completed on an organization-wide basis.

6.2 Interim Expenditure Reports

Interim expenditure reports are completed at periodic intervals - monthly, quarterly or semi-annually - during the contract term. The frequency of interim reporting is determined by the Department on the basis of several factors. Primary among them is the extent, if any, of past experience with the provider agency and the service. Where a lack of experience makes it difficult to predict costs and levels of operation, monthly interim reports are generally the most appropriate. With experience and stability in operation, the frequency of expenditure reporting may be reduced.

Interim expenditure reporting must be cumulative within the provider agency's fiscal year. This means, for example, if a second interim report period falls within the same provider agency fiscal year as the first report period, the second report must reflect cumulative figures for the two periods.

If a contract term spans more than one provider agency fiscal year, a fiscal-year-end report must be completed at the end of any fiscal year which falls during the contract term. In such cases, interim reporting then begins again and continues either until contract termination or until the close of another provider agency fiscal year, whichever occurs first.

Interim expenditure reports must be submitted on the following forms:

Annex B: Contract Information Form

Annex B: Contract Expense Summary

Schedule 2: Revenue

Schedule 3: Applicable Credits

Other supporting schedules as requested by the Department.

At the end of the contract term the provider agency may submit an interim report for costs incurred during the final reporting period of the contract. The provider agency must clearly designate that such report is an interim report. This interim report, submitted at the end of the contract, will allow the provider agency, at its option, to be reimbursed for period costs without having to wait for submission of the final expenditure report.

6.3 Fiscal-Year-End Report

A fiscal-year-end expenditure report must be submitted at the fiscal year end of the provider agency (not State) which falls during the contract term. The purpose of the report is to reconcile contract expenditures with the provider agency's annual audited financial statements. The fiscal-year-end report is an organization-wide report and must reflect cumulative contract expenditures either from the beginning of the contract term or from the most recent provider agency fiscal year commencement, whichever occurred later.

A fiscal-year-end expenditure report must be submitted on the following forms:

1. Annex B: Contract Information Form
2. Annex B: Contract Expense Summary
3. Annex B: Contract Expense Detail - Personnel
4. Annex B: Contract Expense Detail - Other than Personnel
5. Schedule 1: Cost Allocation Data
6. Schedule 2: Revenue
7. Schedule 3: Applicable Credits
8. Schedule 4: Related Organizations
9. Schedule 5: Depreciation/Use Allowance
10. Schedule 6: Cost of Equipment

In addition, copies of the provider agency's worksheets used to reconcile the fiscal-year-end expenditure report to the annual audited financial statements must be submitted to the Department.

6.4 Final Expenditure Report

Final expenditure reports are completed at contract termination, whether such termination occurs by means of routine expiration of the contract term or prior to term for some reason. Like fiscal-year-end reports, a final report must reflect cumulative contract expenditures either from the beginning of the contract term or from the most recent provider agency fiscal year commencement, whichever occurred later.

Final Expenditure Reporting

The provider agency is required to report final contract expenditures on a modified accrual basis to ensure that both contract-related expenses and revenues are appropriately reported, and that such expenses and revenues are actually paid and collected.

Upon termination of the contract, there may be instances when costs have been incurred during the contract term but payment will not be made or revenues have been earned during the contract term but have not been collected. In order to reimburse the provider agency properly for these costs and to ensure actual payments and collections, a final expenditure report is required. Within a maximum of 90 days following the termination of the contract, the provider agency must make every effort to -

1. pay for all allowable contract costs incurred but not paid during the contract term; and
2. collect all revenue earned but not collected during the contract term.

Within a maximum of 120 days following termination of the contract, a final expenditure report shall be submitted to the Department. The provider agency in this report shall -

1. include cumulative contract expenditures and revenues either from the beginning of the contract term or from the most recent provider agency fiscal year commencement, whichever occurred later; and
2. certify that all expenditures have been paid and all revenues have been collected during the specified time frames.

In accordance with Department Policy DCF.P7.01-2007, Contract Closeout, the Department shall review the final expenditure report and make any adjustments. To this end -

1. the Department shall promptly pay the provider agency the amount due but as yet unpaid for providing contract services; and
2. the provider agency shall immediately refund any amount determined to be an overpayment which the Department has not authorized to be retained for use by the provider agency on a successor contract.

A final expenditure report must be submitted on the same Department-approved forms required for fiscal-year-end reports (see Subsection 6.3, Fiscal-Year-End Report). If the contract term ends concurrently with the provider agency's fiscal year, the fiscal-year-end report will double as the final expenditure report.

If there is a contract audit, official settlement of contract reimbursement will be based on the result of the audit conducted subsequent to the termination of the contract.

Treatment of Unpaid Expenses and Uncollected Revenue

Generally, contract expenses incurred during the contract term, but not paid by the provider agency within 90 days after the termination of the contract, may not be paid under a successor contract. On an exceptional basis, with the specific written approval of the Department, applicable contract expenses incurred during the contract term, but not paid by the provider agency during the 90 days after termination of the contract, may be paid under a successor contract (refer to Section 4.7, unallowable item 13, Pre-Award Costs, page 6).

Applicable program revenue earned during the contract term but not collected by the provider agency within the 90 days after the termination of the contract, shall be treated in the following manner.

1. if there is a successor contract, all applicable revenue received shall be applied as revenue to the successor contract.
2. if there is no successor contract, all applicable revenue received shall be refunded to the Department by check made payable to the Treasurer, State of New Jersey.

Table
Illustration of Reporting Frequency

The following Table serves to illustrate interim, fiscal-year-end, and final expenditure reporting requirements for several combinations of contract term, provider agency fiscal year, and require reports.

| Contract Term | Provider Fiscal Year | Reporting Frequency | Interim Reports | | Fiscal-Year-End Reports | | Final Report |
|-----------------------------|----------------------|---------------------|-----------------|--|-------------------------|--|-----------------|
| | | | Number | Periods Covered | Number | Periods Covered | Covers |
| 7/1/83-6/30/84 (1 year) | July 1-June 30 | Monthly | 12 | 7/1/83-7/31/83 7/1/83-8/31/83 etc. until 7/1/83-6/30/84 | 1 | 7/1/83-6/30/84 | N/A* |
| 7/1/83-6/30/85 (2 years) | July 1-June 30 | Quarterly | 8 | 7/1/83-9/30/83 7/1/83-12/31/83 7/1/83-3/31/84 7/1/83-6/30/84 7/1/84-9/30/84 7/1/84-12/31/84 7/1/84-3/31/85 7/1/84-6/30/85 | 2 | 7/1/83-6/30/84 7/1/84-6/30/85 | N/A* |
| 7/1/83-6/30/85 (2 years) | Oct 1-Sept 30 | Semi-Annual | 5 | 7/1/83-9/30/83 10/1/83-3/31/84 4/1/84-9/30/84 10/1/84-3/31/85 4/1/85-6/30/85 | 2 | 7/1/83-9/30/83 10/1/83-9/30/84 | 10/1/84-6/30/85 |
| 7/1/83-6/30/85 (2 years) | Jan 1-Dec 31 | Annual | 2 | 7/1/83-6/30/84 7/1/84-6/30/85 | 2 | 7/1/83-12/31/83 1/1/84-12/31/84 | 1/1/85-6/30/85 |

* Provider fiscal-year-end report doubles as final report.

6.6 Instructions for Completing the Contract Expenditure Reports

The Annex B: Contract Budget Package forms are the same forms used in preparation of the contract expenditure reports. Each time these forms are used the purpose must be indicated on the Annex B: Contract Expense Summary form. The contract expenditure report summarizes actual expenditures for the applicable reporting period for Department funded contracts. The Annex B: Contract Expense Summary form should be completed after the Contract Expense Detail: Personnel, and Other Than Personnel, and all supporting schedules. The forms are to be typed and all expense figures rounded off to the nearest whole dollar.

Furnish all information required at the top of the Annex B: Contract Expense Summary form. The "Period Covered" at the upper right should indicate the date of the contract term, but not past the end of the provider agency's fiscal year end (the report period ends on the date through which expenditures are reported on the form).

All completed columns and categories of the contract expenditure report should include actual expenditures in accordance with the governing cost principles for determining costs. In completing the contract expenditure report, the following principles should apply.

1. Interim expenditure reports must include expenditures and revenue applicable to Department funded contracts and not include organization-wide expenditures.
2. Fiscal-year-end final expenditure reports must be completed on an organization-wide basis if the provider agency is charging the Department for indirect, general and administrative, or allocated costs.
3. If a provider agency is not charging the Department indirect, general and administrative, or allocated costs, organization-wide fiscal-year-end and final expenditure reports are not required.

The following instructions apply to fiscal-year-end and final expenditure reporting:

Columns 1 through 9, and lines A through M of the Annex B: Contract Expense Summary should include actual expenditures in accordance with the governing principles for determining costs. Column 1 should contain the provider agency's total operating expenditures for the contract term. Columns 2 through 9 should reflect the allocation of the total operating expenditures to the various provider agency programs and activities.

Reported expenditures, revenues and all applicable credits must (1) be treated in a manner consistent with the way in which they were budgeted (2) be consistent with the provider agency's account structure and recording practices, and (3) be reconciled to its books, records, and audited financial statements. For fiscal-year-end reporting, the provider agency must furnish copies of its audited financial statements and any worksheets used to reconcile the contract expenditure report to the audited financial statements.

When completing Annex B: Contract Expense Summary, fill in Line O, Units of Service (indicate the total number of service units delivered) and Line P, Unit Cost (the actual cost per unit of service delivered).