

STATE OF NEW JERSEY
DEPARTMENT OF HUMAN SERVICES

TO: Manual Holders
DATE: June 7, 1993
SUBJECT: Loans to Provider Agency Employees

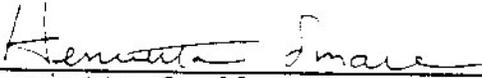
Policy Query: Allowability of Using Contract Funds for Employee Loans

A Provider Agency has instituted a policy/practice allowing certain agency employees and Board members to make personal purchases on the agency's corporate credit card established for Provider Agency use. The Agency, which is required to pay the account in full each month, allows the employees/Board members to make monthly payments on these personal purchases, including an interest charge when payments are made in installments. Is this an acceptable use of Contract dollars?

Policy Interpretation:

The Department of Human Services contracts with Provider Agencies to provide certain services to the Department's clients. The Provider Agency must show effective control over and accountability for all funds and other assets, as well as, adequately safeguard all such assets and assure that they are used solely for the authorized purposes. The Contract Reimbursement Manual indicates that the portion of the Provider Agency's operations paid by the Department under a Contract must relate to services delivered to Contract clients. Accordingly, in P9.05, Contract Default, a Provider Agency is in Default of the Contract if there is "use of Contract funds for purposes other than as approved by the Department and specified in the Annex(es)." Using Contract funds for personal debts or staff loans is not an essential requisite of the Contract and, therefore, is not an allowable use of Contract funds.

Issued by:



Henrietta Small, Manager
Contract Policy and Management Unit