



## Venesky & Company Indirect Cost Recovery Project



### What is the purpose of the Cost Allocation Plan (CAP)?

The purpose of the CAP is to identify, accumulate, and allocate the indirect costs of centrally provided services to the operating departments that receive these services. The allocations of these indirect costs are made on a statistic determined most equitable for each respective service. These allocated costs then become the basis for operating departments (Department of Social Services, Public Health, and Mental Health) to claim for Federal and State reimbursements.

### Why Venesky & Company?

- \*\* Only provider of indirect cost recovery services within NYS, having contracts with thirty-three (33) NYS County Governments.
- \*\* Proven track record - we have prepared hundreds of reports resulting in multi-million dollars worth of claims filed by our clients. The recent results are highlighted below.

Indirect Cost Recovery Consulting Service					
Year	County Department	Total MLR Amount	Total Central Services Amount	Gross Claims Filed	Gross Consulting Fee
2016	DSS	218,481	515,666	793,182	11,000
	Public Health	31,424	De Minimis Rate		
	Mental Health	4,087	23,524		

- \*\* Each appropriate County department head/manager is provided with specific and concise user claim instructions. The Venesky team also provides checks and balances to help ensure claims are filed and reimbursement is received.
- \*\* As a Venesky & Company client, the County is granted access to our many resources including other County management and officials at the NYS and Federal level.
- \*\* Venesky & Company employs a very talented staff whose skills include the development of custom allocation computer models. These custom models benefit our clients by drilling down on financial and statistical data to identify all reimbursable costs; and generate audit trails which support the various indirect costs claimed.
- \*\* The Venesky & Company engagement includes an on-site planning meeting with County management and staff. To reduce the administrative burden the data collection process is completely electronic and all reports are distributed in a PDF format.

### How do the Departments receive reimbursement for indirect costs?

**Department of Social Services** - The indirect costs calculated in the CAP are included on the department's monthly RF2A claim form and are eligible for State and Federal reimbursement. The DSS reimbursement percentage is approximately 50% for indirect costs and 75% for maintenance in lieu of rent expenses. The reimbursement percentages are outlined within the NYS Fiscal Reference Manuals.

**Public Health** - Maintenance in lieu of rent expenses are eligible for 100% reimbursement up to the state aid base grant then 36% over the base grant amount. The indirect costs were used in the original revenue offset rate calculation on the department's NYS Article 6 State Aid claims (updated randomly). Indirect costs are used either as a percentage or a set dollar amount on multiple Federal and State grants. In addition, indirect costs are included on the Ambulatory Health Care Facility (AHCF) Cost Report that is used to set reimbursement rates for the department.

**Mental Health** - The indirect costs are used on the department's Consolidated Fiscal Report (CFR) and are also included on the NYS Mental Hygiene Offices LGU Cost Reporting - Medicaid Cost Pool 10. These Mental Health documents are used to set reimbursement rates for the department.

**Various** - Other departments, such as Office for the Aging, Unified Court System, and Youth Bureau, may also include the indirect costs from the CAP on grant applications, as matching funds, or within department - specific computed billing rates.

***Thank You for the Opportunity to Provide Professional Services to the County***

# MONTGOMERY COUNTY

## **Consolidated County-Wide Cost Allocation Plan, Departmental Indirect Cost Proposals and Space Occupancy Cost Analysis Report**

**Contract Document - January, 2018**



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**Venesky & Company**  
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## **Executive Summary**

### **RFP Comprehensive County-Wide Cost Allocation Services**

Venesky & Company has agreed to all of the Scope of Services (page 3), including Specific Departmental Consulting Services (page 4), which sets our Company apart from the competition. Our services will be for fiscal years ending 2017-2019 (calendar years 2018-2020).

Venesky & Company is a full-service provider of County-Wide Cost Allocation Plans (CAP) and other consulting services to New York State (NYS) Counties. As the largest provider of Indirect Cost Allocation Plans in NYS, we now boast a wide network of thirty-three (33) client NYS counties. We have been able to grow this list because of our extensive knowledge of NYS specific rules and regulations. In addition, because we are a specialized consulting company, located in New York State and focusing on NYS Counties, we are able to provide timely and personal service to our clients, and adapt quickly to changes in reimbursement opportunities thereby positioning our clients to obtain maximum reimbursement for indirect costs. Also, our large network of counties under contract, enables us to provide our clients with information, best practices, and solutions employed by their counterparts.

With over thirty (30) years of experience providing County-Wide Cost Allocation Plans, Venesky & Company has perfected the approach to elevate the execution and results of this very important project. Our services and products are those we believe truly set our company apart from the competition and give us the ability to become an extremely valuable resource for Montgomery County.

#### **A few of the many reasons to contract with Venesky & Company**

- \*\* Venesky & Company will conduct an annual on-site planning meeting with County Officials to focus on the accounting and departmental structural changes which occurred during the year. These changes will then be integrated into the Montgomery County specific computer model.
- \*\* The data collection process will be electronic and collected directly from each department. The goal is to reduce the administrative burden on County officials.
- \*\* The Montgomery County specific computer model will conform to 2 CFR Part 200 (formerly A-87), ASMB C-10, and all current OTDA Fiscal Reference Manuals rules and regulations.
- \*\* The County will be provided with specific and concise user instructions for all appropriate departments.
- \*\* The reports will be prepared on a timely basis (adhering to the time frames set by Montgomery County as well as detailed in OTDA Fiscal Reference Manuals), in an easy to read, user-friendly format, and will be distributed electronically.
- \*\* Throughout the entire year, our capable and supportive staff will be available, via e-mail at [vgroup@venesky.com](mailto:vgroup@venesky.com) and/or via telephone at (315) 698-2442, Monday - Friday from 8:00am to 5:00pm, to answer any questions and/or concerns promptly and completely.

## Executive Summary

## Page 2, County-Wide Cost Allocation Plan Services

\*\* Finally, Venesky & Company is a known entity with a proven track record with Montgomery County. We have brought structure to the Indirect Cost Recovery project and have been totally responsive to the various requests of County officials. Our Company as well as the County employees and officials have created a project bond and partnership resulting in very significant revenues to Montgomery County. We would be honored to continue this very important relationship.

## Please note:

- We are 100% confident that we will be able to fulfill the scope of services for the proposed price, and will have no problems preparing the requested reports within the proposed timeline.

On behalf of Venesky & Company, I thank you for the opportunity to submit a contract document to provide Indirect Cost Recovery services to Montgomery County. We look forward to a continued relationship with the County and if given the opportunity, we will be 100% committed to the project. We set our standards high and we will accurately determine all allowable and non-allowable costs, which will result in the correct amount of indirect costs being claimed by the County. We truly believe that we are the best at providing cost allocation plan services and I know that our skill set will bring continued value to Montgomery County. Please feel free to contact me directly, via phone (315) 698-2442 x103 or email at [vgroup@venesky.com](mailto:vgroup@venesky.com), should you have any questions or concerns.



Doug Venesky, MBA  
General Manager

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## **Company Overview**

### **History and General Information:**

- Venesky & Company is a NYS owned and operated accounting and consulting company with one office located in Cicero, NY (a suburb of Syracuse). Venesky & Company was established to assist NYS governmental entities in obtaining reimbursements from the Federal and State governments in the form of Maintenance in Lieu of Rent (MLR) and 2 CFR Part 200 Indirect Costs (formerly A-87). For over 30 years, our Company has been dedicated to the well being of each of our clients, developing long-term partnerships with a focus on client satisfaction. Our name is well known throughout the state and the repeat business attests to our performance.
- Venesky & Company is the largest and most experienced Cost Allocation Plan (CAP) provider in NYS and we have a proven history of successfully working on extremely complex cost recovery projects for County governments. Annually, thirty-three (33) NYS Counties contract with Venesky & Company because of our intricate knowledge of NYS claiming rules and regulations, and our ability to educate and instruct user departments on how to claim for State and Federal reimbursements.

### **NYS Associations / Memberships:**

- Venesky & Company supports and has relationships with the following groups. These alliances will allow us to provide interpretation of State and Federal regulations to Montgomery County.
  - New York State Government Finance Officers' Association (NYS GFOA)
  - New York State County Treasurers' and Finance Officers' Association (NYSCTFOA)
  - New York State Association of Counties (NYSAC)
  - New York Public Welfare Association (NYPWA)

### **Recent Presentations:**

#### **"Strategies for Indirect Cost Recovery"**

- Venesky & Company was selected by the NYS Government Finance Officers' Association (NYS GFOA), to present on the "Strategies for Indirect Cost Recovery" at the 32nd Annual Conference held at the Albany Marriott. The topics of our presentation included an overview of CAPs, County Government Central Services CAPs, and Negotiated Indirect Cost Rates.

#### **"How to Maximize County Savings & Revenue"**

- Venesky & Company was selected to present at The New York Public Welfare Association (NYPWA) Annual Summer Conference on the topic of "How to Maximize County Savings & Revenue," focusing on the A-87 CAP (direct charges, best practices, and common mistakes); MLR (understanding the rules, the MLR calculation, and space changes); and Fringe Benefits Costs (allowable vs. unallowable).

## **Key Personnel**

### **Jack Venesky, Chief Executive Officer (CPA) - over 30 Years of Experience:**

- Jack earned a Bachelor of Science degree in Accounting from Le Moyne College and is a Certified Public Accountant. Jack is highly respected by County, State and Federal officials; and with his assistance, New York State Counties have recovered millions of dollars in Federal and State reimbursements. In addition, Jack is a frequent speaker on reimbursement issues affecting NYS Counties. Jack remains active in all activities and provides the final review of all work produced by the Company.

### **Douglas Venesky, General Manager (MBA) - over 15 Years of Experience:**

- Doug earned a Bachelor of Science degree in Finance with a minor in Economics from SUNY Albany and a Masters in Business Administration from Le Moyne College. Doug has experience in the preparation and negotiation of 2 CFR Part 200 CAPs, indirect cost rate proposals, Maintenance in Lieu of Rent (MLR) reports, fringe benefit rate analysis, as well as departmental cooperative agreements. Doug is the General Manager and his responsibilities during this project will consist of: acting as the Company liaison, involvement in the day to day activities, as well as overseeing the service package provided to Montgomery County.

### **Todd Steria, Supervisor - over 15 Years of Experience:**

- Todd earned a Bachelor of Science degree in Accounting from the State University of New York at Oswego. Todd has tremendous experience developing County specific computer models, which are used to create custom reports, as well as to develop department specific supplemental schedules. Todd's involvement in this project will include: focusing on the financial and statistical reports to ensure the accuracy of the data collected, as well as compiling and reviewing the preliminary work completed by the accounting support staff.

### **Greg Loguidice, Supervisor - over 5 Years of Experience:**

- Greg earned a Bachelor of Science degree in Accounting from Le Moyne College. His responsibilities include researching and interpreting all applicable Federal and State rules/regulations. Greg's involvement in this project will include: focusing on the financial and statistical reports to ensure the accuracy of the data collected, as well as compiling all data needed to complete the engagement.

## **Staffing Pattern**

Jack Venesky, CPA, will provide the general oversight while Doug Venesky, General Manager, will be responsible for the day-to-day operations of all work associated with this project. The consulting team assigned to assist Doug with this very important project will consist of Todd Steria, Supervisor, and Greg Loguidice, Supervisor. **Venesky & Company does not use the services of subcontractors or temporary employees**, therefore the engagement will be completed in its entirety by our office and our employees.

## Scope of Services

1. Obtain and review the Approved Budget and the Comprehensive Annual Financial Report of the County.
2. Conduct an onsite meeting with County representatives to review, plan, and schedule the required project activities.
3. If needed, conduct interviews with each applicable County Department included in the Cost Allocation Plan.
  - These interviews will allow Venesky & Company to develop a full understanding of the nature and extent of services of each Department and the overall accounting/operational structure of the County.
  - In addition, Venesky & Company will perform a detailed review of the following areas:
    - ◆ Association Dues
    - ◆ Capital Funds
    - ◆ Unallocated Insurance
    - ◆ Audit Fees
    - ◆ Employee Benefits
    - ◆ All Other Expenses (as appropriate)
    - ◆ Building Occupancy Costs
    - ◆ Equipment Depreciation
  - Venesky & Company will interact individually with department heads to review the current tracking methodologies and make suggestions on how to enhance reimbursement and/or simplify recordkeeping.
  - Venesky & Company will create a custom computer model specifically designed for Montgomery County based on the information gathered during the extensive interview process.
4. Develop electronic 'Data Request Packets' needed to accumulate all financial and statistical data necessary to complete the Consolidated County-Wide Cost Allocation Plan and Indirect Cost Proposals.

Item of Note: In an attempt to save Montgomery County both time and money, Venesky & Company will feature an entirely paperless data collection process. This will allow Montgomery County to lower the cost of paper, toner, and postage while greatly minimizing the workload for County employees.

5. Receive, review and modify, as necessary, the data provided by the various County Departments.
6. Prepare the documented annual Consolidated County-Wide Cost Allocation Plan and Indirect Cost Proposals, including the final DSS Central Services adjustment claim amount. Please note that all documents will be prepared in accordance with 2 CFR Part 200, ASMB C-10, and OTDA Fiscal Reference Manuals.
7. Prepare the documented annual Space Occupancy Cost Analysis (SOCA) report to determine the capital and operating cost per net usable square foot of occupancy by department. In addition, provide the final DSS MLR adjustment claim amount.
8. Prepare a report to management summarizing our results with specific claiming instructions. The County will also be provided an electronic version of all reports.
9. Review the reports and documents with the appropriate County Officials.

Item of Note: Throughout the entire engagement, our capable and supportive staff will be available via e-mail at [vgroup@venesky.com](mailto:vgroup@venesky.com) and/or via telephone at (315) 698-2442 Monday - Friday from 8:00am to 5:00pm, to answer any questions and concerns promptly and completely. In addition, we will be available to advise the County in case of a routine audit and/or during the claiming process.



## **Specific Departmental Consulting Services**

### **Department of Social Services:**

- Venesky & Company will provide detailed 2 CFR Part 200 Indirect Cost claiming instructions that will include the final Central Services adjustment claim amount, the current year's monthly claim amount, and the next year's projected monthly claim amount.
- Venesky & Company will provide detailed MLR claiming instructions that will include the final MLR adjustment claim amount, the current year's monthly claim amount, and the next year's projected monthly claim amount.
- Venesky & Company will provide the Indirect Cost Proposal and the required 'Cost Allocation Annual Certification' (LDSS-2346) to allow DSS to continue to claim estimated indirect costs. Per Fiscal Reference Manual Volume 3.
- Venesky & Company will compare the employee benefits claimed to the actual amounts applicable to DSS to check for variances.
- Venesky & Company will prepare the 'Statement of Estimated Annual Maintenance Costs' (LDSS-4927) for compliance with Fiscal Reference Manual Volume 3.
- Venesky & Company will assist with the comparable space requirement to ensure that the County remains eligible for Federal and State reimbursements.

### **Public Health Department:**

- If requested, Venesky & Company will provide detailed instructions on how to claim indirect costs on their cost reports, on grant applications, and on the NYS DOH State Aid Application and Claims.

### **Mental Health:**

- If requested, Venesky & Company will provide detailed instructions on how to claim indirect costs on their Consolidated Fiscal Report (CFR) and on the NYS Mental Hygiene Offices LGU Cost Reporting - Medicaid Cost Pool 10.

## Value Added Services

### A list of value added services/products that sets our company apart from the competition:

- A separate Public Health MILOR analysis will be supplied to the department to assist with State Aid claiming. The analysis will comply with Public Health Law Article 6.
- Indirect cost rates for Operating Departments will be supplied for the use on grant applications and for determining County matching funds. In addition, an overall indirect cost rate as a percentage of Personal Services and Total Direct Costs (less equipment) will be provided.
- An overall employee benefit percentage will be supplied to substantiate requests for Federal and NYS reimbursements.
- A 'Cost Allocation Plan Reference Manual' will be prepared and will contain all financial and statistical data used to generate the necessary reports. This document will become the audit trail as required under the Federal Single Audit Act.
- The County will be provided with an electronic version of the Cost Allocation Plan, the Space Occupancy Cost Analysis report, and all departmental claiming instructions.

### Prior Engagements with the County:

Indirect Cost Recovery Consulting Service					
Year	County Department	Total MLR Amount	Total Central Services Amount	Gross Claims Filed	Gross Consulting Fee
2016	DSS	218,481	515,666	793,182	11,000
	Public Health	31,424	De Minimis Rate		
	Mental Health	4,087	23,524		
2015	DSS	171,530	483,290	712,875	11,000
	Public Health	37,366	De Minimis Rate		
	Mental Health	-	20,689		
2014	DSS	242,133	506,945	813,469	11,000
	Public Health	46,632	De Minimis Rate		
	Mental Health	-	17,759		

- Department of Social Services - The indirect costs calculated in the CAP are included on the department's monthly RF2A claim form and are eligible for State and Federal reimbursement. The DSS reimbursement percentage is approximately 50% for indirect costs and 75% for maintenance in lieu of rent expenses. The reimbursement percentages are outlined within the NYS Fiscal Reference Manuals.
- Public Health - Maintenance in lieu of rent expenses are eligible for 100% reimbursement up to the state aid base grant then 36% over the base grant amount. The indirect costs were used in the original revenue offset rate calculation on the department's NYS Article 6 State Aid claims (updated randomly). Indirect costs are used either as a percentage or a set dollar amount on multiple Federal and State grants. In addition, indirect costs are included on the Ambulatory Health Care Facility (AHCF) Cost Report that is used to set reimbursement rates for the department.
- Mental Health - The indirect costs are used on the department's Consolidated Fiscal Report (CFR) and are also included on the NYS Mental Hygiene Offices LGU Cost Reporting - Medicaid Cost Pool 10. These Mental Health documents are used to set reimbursement rates for the department.

## Fee Schedule / Plan Years

Our fee for professional services is calculated by anticipated time spent on this engagement based on our discounted long-term client rate, and include all out-of-pocket expenses, such as travel, subsistence, and report preparation.

Our total professional fee for this engagement is FIXED to include all of the services listed within the proposal / contract document, and includes a factor to provide consultation and guidance to implement any noted recommendations to optimize Office of Temporary and Disability Assistance and 2 CFR Part 200 rules and regulations. This proposal/contract document represents a three (3) year agreement. In addition, in the event of a mid-term cancellation the fee will be prorated based on the amount of work completed.

For this engagement, our total fee will be as follows:

Plan Years:	2017	2018	2019
To Be Completed in Calendar Year:	2018	2019	2020
<b>County Treasurer:</b>			
➤ Consolidated County-Wide Cost Allocation Plan			
➤ Space Occupancy Cost Analysis Report			
➤ All other related consulting services, as requested			
<b>Total County Treasurer:</b>	\$ 3,000	3,000	3,000
<b>Department of Social Services:</b>			
➤ DSS - Indirect Cost Proposal			
➤ Preparation of final Central Services adjustment claim amount			
➤ Preparation of final MLR adjustment claim amount			
➤ All other related consulting services, as requested			
<b>Total Department of Social Services:</b>	7,000	7,000	7,000
<b>Public Health:</b>			
➤ Public Health - Indirect Cost Proposal			
➤ Preparation of final MILOR mount			
➤ All other related consulting services, as requested			
<b>Total Public Health:</b>	1,000	1,000	1,000
<b>◆ Total Fixed Professional Fee</b>	<b>\$ 11,000</b>	<b>11,000</b>	<b>11,000</b>

### Notes:

- The total fee can be billed departmentally in order to be included on specific claim packages to maximize State and Federal reimbursements, and thus, significantly reduce the net cost to the County.
- The fee is fixed; however the departmental cost distribution will be determined in the best interest of the County.
- The annual fee may be progressed billed.
- The Federal Identification Number for Venesky & Company is: 16-1588018.

## **Contractual Agreement**

The specific services to be provided by Venesky & Company are outlined within the 'Scope of Services' (page 3). The objective of our efforts is to obtain the required documentation and recover all available Federal and NYS reimbursement for the County. It is not the intention of this engagement to audit the County's Annual Report or any other statistical data used in the Cost Allocation Plan or Indirect Cost Proposals. In addition, Venesky & Company will assume all information provided by the County's employees or representatives is accurate and complete. In the event that the current year requested information is not provided in a timely manner, it may be necessary for Venesky & Company to use an alternate method to complete the project.

This contract document represents a three (3) plan year agreement. The contract may be terminated by either party provided there is written notification, via certified mail, of the desire to cancel thirty (30) days prior to the anticipated date of termination. In the event of a mid-term cancellation of the contract, the fee will be prorated based on the amount of work completed. The total fee for this engagement, including out of pocket expenses, will include the basic services outlined on the 'Fee Schedule / Plan Years' (page A-1), but will not cover any other activities not listed in this contract document. Any request for services not outlined within this contract document will be subject to an additional fee to be negotiated between our Company and the County.

### **Indemnification-Hold Harmless:**

Both Parties shall indemnify, defend and hold the other harmless, its officers, directors, employees, and agents from and against any claim, loss, damage, liability, penalty, fine, or expense (including consultants' and attorney's fees) paid, incurred by, or sought from the other party as a result of (i) the other party's failure to perform or fulfill any term, covenant, or condition of the Agreement, or resulting from the breach by the other party of any provision of the Agreement, and (ii) the negligence, intentional misconduct, or violation of law of the indemnifying party in the performance of the Agreement.

### **Contractual Acceptance:**

Venesky & Company is prepared to begin services outlined within this contract document to Montgomery County beginning January, 2018.

#### **PROPOSED BY:**

  
(Name, Title)

  
(Date)

As an authorized official of Montgomery County, my signature authorizes Venesky & Company to provide all of the services outlined and be paid the appropriate fee(s) described within the contract document submitted January, 2018.

#### **ACCEPTED BY:**

\_\_\_\_\_  
(Name, Title)

\_\_\_\_\_  
(Date)