



## State of New Jersey

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### **ADMINISTRATIVE BULLETIN TRANSMITTAL MEMORANDUM**

**DATE ISSUED:** July 21, 2014

**EFFECTIVE DATE:** July 21, 2014

**SUBJECT: Administrative Bulletin 9:12  
Cash Advance Policy**

The attached Administrative Bulletin is being forwarded for your review, action if necessary, and distribution to staff as appropriate. Please be advised that each recipient of this order is responsible for being familiar with the content and ensuring that all affected personnel adhere to it.

  
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Lynn A. Kovich  
Assistant Commissioner

LAK:pjt

**DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MENTAL HEALTH AND ADDICTION SERVICES**

**ADMINISTRATIVE BULLETIN 9:12**

**EFFECTIVE DATE: July 21, 2014**

**SUBJECT: Cash Advance**

**I. PURPOSE:**

The purpose of this policy is to establish uniform guidelines and procedures for agencies with cost related contracts requesting a cash advance.

**II. SCOPE:**

This policy shall be applicable to all agencies that contract with the Division of Mental Health and Addiction Services (DMHAS) on a cost related basis.

**III. DEFINITIONS:**

A cash advance is any payment made by DMHAS to a contracted agency before a regularly scheduled payment.

**IV. CRITERIA TO REQUEST A CASH ADVANCE:**

To be eligible to receive a cash advance, an agency must document its need by completing the Advance Payment Request Narrative and the Cash Flow Worksheet (attached). The narrative must show a business plan in place that will eliminate the need for future cash advances. The Cash Flow Worksheet must show the anticipated receipts and expenditures for the next 12 month time period.

In the narrative, the agency must demonstrate that the current deficit affects DMHAS contracted service components and funds from the advance payment will only be used to cover expenditures attributable to DMHAS contracts. The funds from the advance payment must not be used to offset deficits in any non-DMHAS contracts. Additionally, all of the following conditions must be met:

- The deficit is a result of unforeseen circumstances, or a natural disaster such as flooding, hurricane, etc.
- Agency must be in imminent danger of not meeting next regularly scheduled payroll or terminating all agency operations.
- Agency must have exhausted all other potential revenue sources, i.e., line of credit, fundraising, financial assistance from Board of Directors, etc.
- Agency must have either canceled or postponed capital expenditures of a non-life safety nature.

**V. PRECLUSIONS:**

An agency will be precluded from requesting an advance payment if any of the following conditions apply:

- Agency does not currently have an active contract;
- Agency has not met deadlines for submitting contract documents (contract application packages, Reports of Expenditures, et al) within the preceding contract cycle;
- Agency has outstanding issues related to a DHS or Single audit;
- Agency has an outstanding unapproved Plan of Corrections due in response to a DMHAS Contract Monitoring visit; and
- Agency has been suspended from participating in a Fee for Service Contract Initiative.

**VI. LIMITATIONS:**

- DMHAS will approve no more than one cash advance within a contract term.
- DMHAS will approve no more than two advance payments within a three year period.

**VII. PROCESS:**

- 1) Agency downloads the Advance Payment Request Narrative and Cash Flow Worksheet forms from the Contract Information Management System (CIMS) website or DMHAS website and completes and submits both forms to the DMHAS Contract Manager.
- 2) DMHAS reviews submitted request to ensure compliance with Payment Request criteria, preclusions and limitations.
- 3) DMHAS provides a written determination on the request to the agency within two weeks of receiving all required documentation.

If an agency's advance payment request is approved, the following conditions/actions will occur:

- DMHAS will reconcile the advance payment funds by withholding the last regularly scheduled payment of the active contract term.
- Agency may be placed on the next year's DHS audit plan.

  
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Lynn A. Kovich  
Assistant Commissioner

  
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Date