

**NEW YORK CITY DEPARTMENT OF EDUCATION
DIVISION OF SCHOOL FACILITIES
OFFICE OF BUILDING SERVICES**

March 20, 2017

OFFICE OF BUILDING SERVICES CIRCULAR NO. 5 – 2016/17

NOTE: All Circulars are to be kept in a permanent file

TO ALL CUSTODIAN ENGINEERS

Closing of HSBC Accounts

On February 23, 2017, you received your 2016 demand for excess. Please be guided by the instructions that were provided with it.

Any excess owed to the Department of Education (DOE) is to be paid within 30 days of the date of the request. Once you have remitted your excess, and your check has cleared, you will need to proceed with the closing of your DOE HSBC account. Note that the Office of the Auditor General (OAG) will be expediting the depositing of your excess checks.

If after remitting your excess, you have a balance remaining in your HSBC account, you are to write a separate check, payable to NYC Department of Education for the remaining balance amount. In the memo section of the check you are to write "Closing Balance Transfer to DOE" along with the last four digits of your social security number. This check is to be issued to your deputy director of facilities this Thursday, March 23, at your check stub distribution location. As these accounts only contained DOE funds after December 13, 2012, any monies remaining are to be returned to the DOE. As you were previously informed, all personal funds were to be withdrawn from your account by no later than December 13, 2012. (See copy of attached memorandum dated December 10, 2012.)

As a reminder, you are prohibited from writing checks to yourself from your DOE HSBC account.

In order to close your HSBC account, you must first ensure all banking transactions are complete and confirm/establish a zero account balance. As you are aware, you can check your account balance by signing into HSBCnet.com

Once you have established a zero balance, you are to complete and sign the attached letter and return it to my office, attention Ms. Jasmine Colon, via fax at (718) 349-5767 or by email to jcolon20@schools.nyc.gov All letters must be received by no later than Monday, April 17, 2017. Once we receive your letter we will proceed to close the account. **Note: Do not contact HSBC directly to close your account.**

As you will be audited, it is imperative that you maintain copies of all HSBC banking records, statements and canceled check images. Additionally, you are to maintain copies of all contractually required documentation supporting the purchases of goods and services, including invoices, vouchers, receipts and bids.

The HSBC contract is scheduled to expire in the near future. If you are missing any check statements or images, you can visit HSBCnet.com and print them for your records. Statements over 180 days old will have to be requested through your local HSBC branch. Note that you will be personally charged for this service. Once your account is closed you will no longer have access to HSBCnet.com to print cancelled checks and statements, and you will be personally responsible for any fees incurred thereafter.

Please contact your deputy director of facilities with any questions.

John T. Shea
Chief Executive Officer
Division of School Facilities

From: [O'Connell John](#)
To: [&All DSF Custodian Engineers](#)
Cc: [Calderone Salvatore](#); [&All DSF District Managers](#)
Subject: FW: HSBC banking procedures
Date: Monday, December 10, 2012 12:46:04 PM
Attachments: [CE_IRS_Changes_12.7.12_FINAL.docx](#)

Good afternoon,

Please read and comply with the attached communication regarding your Custodial Bank account and the required processes to be followed going forward.

Kindly note that you will be precluded from issuing checks to yourself beyond December 13, 2012; so it is imperative that you remove any personal funds that may currently reside in your account.

Thank you for your cooperation,

John J. O'Connell

Executive Director

Division of School Facilities

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Long Island City, New York 11101

Phone: (718) 349-5610

Fax: (718) 349-5766

Email: joconne@schools.nyc.gov

To All Custodian Engineers,

This is a follow-up to a previous email dated January 5th, 2012. This email is intended to outline, in detail, the changes that will take effect on December 14th, 2012. Your immediate attention and action is needed.

OVERVIEW

As you may know, the Internal Revenue Service (IRS) notified the City of New York (NY) that the method by which Custodian Engineers (CE's) were compensated by The New York City Department of Education (DOE) and the reporting of such compensation by the City, was in violation of IRS rules and regulations.

Under IRS rules and regulations, beginning in *calendar year 2012*:

- The DOE may not issue CE's 1099 forms; and,
- The IRS also instructed the City that the following PO2 miscellaneous expenditure items were taxable:
 - Travel
 - Home phone

PERSONAL FUNDS WITHIN HSBC ACCOUNT

As was instructed last winter, CE's must have established personal checking/savings accounts so that personal funds would no longer be co-deposited with the building allocations into the HSBC accounts.

Understanding that there may be personal funds left over from previous years in said accounts, CE's must remove any personal funds in HSBC accounts by **no later than the close of business December 13th, 2012**. A check for these funds made payable to the CE will be the last allowable personal check a CE is permitted to cut from the HSBC account. (CE's should include language in the check memo column and note "Personal Money belonging to CE"

In the coming months, the DOE will be conducting audit reviews of the HSBC accounts to ensure that there are no building funds mistakenly withdrawn.

CALENDAR YEAR 2012 APPROVED/PROCESSED TAXABLE ITEMS

Commencing **on December 14th 2012**, CE's will continue listing travel and home phone expenditures on their PO2 miscellaneous expenditure forms **but are prohibited** from directly reimbursing themselves by drawing checks from their DOE HSBC account (checks can no longer be written to "cash" or to your own name).

For 2012, from January 1st – December 13th:

- The DOE will only be processing **approved** PO2 items entered with a date on/after January 1, 2012 through December 13, 2012;
- Therefore, The PO2 Circular will need to reflect this change; and as such the remaining PO2 close periods will be as follows:
 - November 9th – December 13th, 2012;
 - December 14th – December 31st, 2012; and
 - January 1st – January 3rd, 2013

- This change to the circular is necessary for the timely transmittal of data and the generation of W2 forms by City Payroll and the DOE.
- The DOE will assume that CE's have reimbursed themselves for all expenses dated/approved prior to December 14, 2012.
- The DOE will be running a PO2 report that will account for all approved PO2 taxable items;
- The amounts of these items will be transmitted to City Payroll and added to your W2's Gross Wages;
 - These gross wages will be taxed accordingly as your Calendar Year 2012 Taxes are calculated:
 - The Gross-up formula is provided by City Payroll;
 - For the travel and home phone the formula is: $1 - (.042 + .0145) = .9435$;
 - **For Example:** A custodian claims \$500 in taxable expenditures, therefore $500 / .9435 = \$529.94$,
 - **Hence,** \$529.94 will be added to his/her W2 gross wages.

NON-TAXABLE ITEMS (Petty-Cash Reimbursements)

As was noted above, **effective December 14, 2012**, CE's are no longer permitted to write themselves a check nor a check to "cash" from the HSBC account. As such, the DOE will assume that CE's have reimbursed themselves for all expenses dated/approved prior to December 14, 2012.

TAXABLE ITEMS – Beginning January 1, 2013

Commencing on January 1st 2013, but including any approved PO2 expenses from December 14th 2012 – December 31st 2012, the DOE will be ensuring the application of required taxes in the bi-weekly pay-periods.

As such:

1. The amounts for the *taxable* PO2 expenditures will not be included when calculating your PO2 total.
 - a. For your benefit, these items will be moved to a separate section on the PO2 screen so that they are clearly delineated;
2. Your Deputy Directors of Facilities (DDF's) will continue to review CE expenditures through the automated PO2 system.
3. Once these claims are **approved**, building allocation deductions will occur in a subsequent period
 - a. Only the **approved items** will be sent to the payroll system and added to your *gross pay*;
 - b. Again, this transaction will automatically trigger deductions of the **approved** claim amounts from your *upcoming/next* building allocation (pay-cycle after DDF approval);
 - c. You will then receive these monies with your future bi-weekly MPR;
 - d. Again, most likely, it will be included in the first pay-cycle *after* DDF approval
4. As was explained above, these monies are *taxable* and will be included in your W2.

NON-TAXABLE ITEMS (Petty-Cash Reimbursements)

Likewise, after **December 13th 2012**, reimbursement for other "petty cash" PO2 miscellaneous expenditures (e.g. stamps, gas for equipment, hardware), will be handled through the DOE's established S.I.P.P. Process (Small Impress Payment Process).

As such:

1. CE's will continue to enter the PO2s for these expenses as they do currently.
2. Your DDF's will continue to review CE expenditures through the automated PO2 system.
3. Once these claims are **approved**, building allocation deductions will occur in a subsequent period.
4. Only the **approved items** will be sent for processing.
5. As these are true dollar-for-dollar reimbursements, *not to exceed \$50.00*, they are not taxable;
 - a. CE's will **not** be reimbursed by adding money to their bi-weekly salary.
6. CE's will receive these reimbursement monies on a separate Chase check that will be mailed directly to their home address.
7. Again, most likely, this check will be processed during the first pay-cycle *after* DDF approval

To be clear, going forward, CE's are prohibited from drawing any checks to themselves or to "cash" from their DOE HSBC accounts after **December 13, 2012**. All CE reimbursements to themselves must follow the procedures defined above after said date.

We understand that this will be a transition period and that it is a change to the current business processes. We thank you for your cooperation and patience and have no doubt that these changes will be to the benefit of all involved.

Thank you,

The Division of School Facilities



DIVISION OF SCHOOL FACILITIES

JOHN T. SHEA, *Chief Executive Officer*

44-36 Vernon Boulevard – 5th Floor, Long Island City, NY 11101

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Fax: (718) 349-5766

E-mail: JSHEA3@SCHOOLS.NYC.GOV

Date _____

(Enter date here)

Dear Mr. Calderone,

As per Circular No. 5 -2016/17, I, _____, have established a zero (“0”)
(Print your full name here)

balance in my Department of Education, HSBC account, No. _____.
(Enter your HSBC account number here)

As such, I am requesting that my account be closed effective immediately.

Sincerely,

(Sign your full name here)

(Current building assignment)