

SECTION

I-A

SECTION I INTRODUCTION**DECEMBER 31, 2023****Section I-A PURPOSE OF PROGRAM COST REPORTING**

The local departments of social services and their employees have the responsibility for administering social services and public assistance programs.

Under Federal Regulations and the General Statutes of North Carolina, funds are appropriated from Federal, State and County sources for providing social services and financial assistance to needy individuals. These funds are administered by the local department of social services.

For reimbursement purposes, social services are divided up into four parts 1) Services 2) Income Maintenance 3) Child Support 4) Administration. The administrative cost or operating cost of the local DSS is paid up front with local funds. In the middle of each month, the local DSS will prepare and submit a reimbursement report referred to as the "DSS-1571". This report will enable the county to receive the Federal and State funds available for the expenditures reported. This report is submitted to the Department of Health and Human Services Controller's Office and is to be uploaded and balanced by the 15th of the month or the first workday thereafter.

The DSS-1571 reports from the local DSS serve to support the North Carolina Division of Social Services disbursement of funds to the counties and separate agencies. It is also a means of supporting the claims of Federal funds and other funds, which flow through the Department of Health and Human Services.

The County Finance Officer is the custodian of all funds in the local treasury. The local funds expended by the department of social services are disbursed only upon authorization from the local board of county commissioners.

Federal agencies and designated state agencies may conduct administrative reviews of all records relating to the county department of social services to determine whether the standards and regulations of the Department of Health and Human Services are being carried out. Exceptions are taken to any payments made which do not conform to Federal or State regulations.

This manual outlines the requirements for reporting the administrative costs of social services. These procedures are not all inclusive and should not be misconstrued as such.

In order to be successful in completing the DSS-1571, you will also need a SIS Manual and Family Services Manual. If you need a SIS Manual, please contact Client Information at (919)527-6260. If you need an Adult and/or Children Services Manual, please use the on line manual website <https://policies.ncdhhs.gov/divisional/social-services/child-welfare/policy-manuals> In addition, you may contact Child Welfare services at (919)527-6404.

If you have questions concerning the correct reporting of cost or need help understanding the Fiscal Manual, please don't hesitate to call your appropriate Local Business Liaison.

SECTION

I-B

Section I-B Reports

The state office currently has eight reports that are primarily related to our county reimbursement system. (For current listings of County Admin. Reports, refer also to the DHHS, Office of the Controller, website.) The reports and their designated formats to which the forthcoming instructions apply are as follows:

1. DSS-1571 Part IA Services Salaries
 Part IB Income Maintenance, Administrative Support and Training Officer's Salaries
 Part IC Child Support Salaries, IV-D
 DSS-3538 Worksheet on Overhead Cost for Benefiting In-Home Aide Workers
 Part II Administrative Costs
 Part III Total Cost Contracts Purchases
 Part IV Purchased Services related to clients

2. **XS-315** ***Monthly XS315 Part I/II Report. Details to Part I and Part II of monthly DSS-1571 report.***

3. XS-325 ***Summary of Administrative Expenditures.*** Monthly data submitted by the County on the DSS-1571 Part IA, Part IB, Part IC and Part II are summarized on this report.

 Distribution of Support. This report shows the distribution of administrative overhead expenditures within the categories of services, income maintenance and child support.

 Distribution of Other Admin. This report shows the distribution of administrative cost shown on the DSS-1571 Part II into services, income maintenance and child support.

 Final Distribution. This report shows the final distribution of expenditures to include the identification of non-matchable costs

4. XS-327 ***Reimbursement Schedule for Part III County Welfare Expenditures.*** Monthly data submitted by the County on the DSS-1571 Part IV are summarized on this report.

5. XS-335 ***Reimbursement of County Welfare Administrative Expenditures (Monthly).*** This report combines the monthly data from the XS-325 Final Distribution, XS-327 Reimbursement Schedule for Part III County Welfare Expenditures, IV-D Cost Recovery and manual adjustments; and includes reimbursement data.

6. XS-337 ***YTD Summary of Reimbursement Expenditures***
7. XS-411 ***North Carolina Department of Health and Services, Division of Social Services, Year to Date Allocation Expenditures.*** Cumulative data on allocation, monthly reimbursement and available balance are shown for selected programs. Reimbursement data comes from the XS-335.
8. WS-338
MCR ***County Administration (Reimbursement Unit) Total Manual Entries by County.*** Monthly data from the, DSS-1571, Part IV and manual adjustments made by the County Administration Accounting Unit are shown.
9. WC-302 ***Participation in Budgeted County Expenditures.*** Summarized by program are expenditures for County Administration, adjustments to County Administration and Income Maintenance Payments.
10. WC-373 ***Work First Monthly and Year to Date Expenditures.*** Summarized by application code as the total, federal, state and local share of expenditures for Work First for each county.
11. WC-450 ***Notification Report.*** Notification of when a county can transmit a new service month.

Note: New users needing access to the NCXPTR County Administration Reports must first contact their Local County Security administrator. He/she will then contact the DSS Customer Support Center which is currently managed by Joann Parker. Her team will proceed by establishing the necessary access. (Note: Counties should manage the security access to these reports by keeping access to a minimum).

SECTION

I-C

Section I-C Reimbursement Policy

Form Format

Forms must be submitted in the method and format authorized by the Controller's Office.

Form Preparation

In those counties where the department of social services maintains a fiscal staff and prepares the DSS-1571, a coordinated effort should be made between the county DSS and the finance officer to insure that all costs have been considered in the preparation process. In order to insure this, both the Finance Officer and the DSS Director are required to sign the certification form.

Report Period

Every county is required to submit a DSS-1571 Report each and every calendar month. **There is no reason for which a county should *not* submit a DSS-1571 report each month.**

Due Date

Balanced (with errors corrected) reports of expenditures are due by the 15th of the month (or the first work day thereafter) following the month during which services and/or expenditures were incurred. The promptness by which all agencies submit the DSS-1571 determines the timeliness by which all agencies receive reimbursement. Therefore, it is important that reports be forwarded on time. Counties may want to maintain a log to document receipt and submission dates to aid auditors in the review of reporting requirements.

Penalty for Late Submittal of the DSS-1571

DSS-1571 reports that are submitted and balanced *with errors corrected* after the 15th of the month cause numerous processing difficulties that can result in delayed payments to the other county departments of social services. Late submittals also result in delays in all reports that are generated from county expenditure data. This creates difficulties with the North Carolina Accounting System. Most County DSS agencies submit their DSS-1571s in a timely manner; however, it takes only one delinquent report to affect the payments and reports of all 100 counties. Due to the serious nature of this problem, a penalty is imposed for late submittals. **Any county department of social services whose report is not submitted and balanced (with errors corrected) by the 15th of the month or the first work day thereafter, (following the month during which services were provided and/or expenditures were incurred) will not receive an interim payment check the following month. Reports submitted and balanced by**

the 15th of the month are not considered late. (Counties reporting after the 15th of the month must notify the County Administration Accounting Unit by telephone.)

1. Agencies are entitled to receive reimbursement to cover the reasonable cost of administering their social services and public assistance programs. The "reasonable cost" includes all necessary expenses involved, i.e., expenses which are in accordance with fiscal policy as

- established by Federal and State regulation and within limits of funding allocations and approved county agency budget.
2. Allowable administrative expenditures are those properly chargeable under principles for determining costs applicable to grants, provided the expenditure is essential to perform the functions specified in the agency's plan for social services. All agencies are expected to exercise due care in the expenditure of funds.
 3. Office of Management and Budget (OMB) Circular No. A-87, Revised, establishes uniform principles for determining costs of grants, contracts, and other agreements with States and their legal subdivisions. The circular provides that, in addition to direct costs, federally assisted programs shall bear their fair share of costs recognized under these principles except where restricted or prohibited by law. Such non-direct costs involve, (a) county-wide costs in which central county organizations provide goods and services to other county departments and agencies; and (b) county DSS costs for supervision and support to various programs they administer.
 4. **Indirect costs are not allowable unless an appropriate indirect cost plan has been prepared and is on file.** Agencies must also insure that those items included as indirect costs are not also charged directly to any program(s).
 5. Claims (reports) are submitted on the basis that all expenditures reported have been incurred by the last day of the month for which claims are submitted and are recorded on the county's official financial records as an expense.
 6. Reports shall be submitted in the format specified in this manual.
 7. Whenever an adjustment is to be made affecting a prior year paid claim, or audit adjustment, the county shall first obtain concurrence from the Department's Controller's Office. Normally, notifications of the need to adjust a prior claim are due 45 days from the day that the adjustment is found to be necessary. Adjustment requests shall be documented and justified.
 8. Funds generated through the operation of any program funded partially or totally with Department funds shall be reported as a reduction to reimbursable expenditures. Funds generated may include, but are not limited to, fees or contractor payments required in performance guarantees.

SECTION

I-D

Section I-D Supporting Documentation

Documentation must be available for all expenditures, which are reported for Federal and State fund participation. This includes but is not limited to the following:

1. Cash expenditures must be supported by itemized invoices, vouchers and any additional information that specifically identifies the item or service purchased.
2. **Accrued expenditures** must be recorded on the official county ledger as an expense.
3. Evidence to support the application of current procurement policies or standards pertaining to the purchase.
4. **Personnel costs for all workers must be supported by attendance and payroll records. Daily time reports must be maintained for personnel whose salaries are to be direct charged to more than one program.**
 - a. All staff located in and supervised by the local departments of social services, whose duties support the funding sources and/or programs of the departments shall be reported by showing their program time in the appropriate column(s). Time not directly charged to a program(s) shall be allocated when the report is processed at the State office. Contract provider staff shall maintain daily time sheets and documentation to support the distribution of costs between various activities of an agency that specially address the DSS funded program. (Housekeeping staff time is referenced on page III A-1)
 - b. **Supervisors will be allocated to the** applicable funding sources in accordance with the cost allocation plan.
 - c. Support workers (clerical, typists, etc.) will be allocated based upon direct program staff performing duties in the programs comprising the pool in which they are working.
 - d. In Home Aide Supervisors are defined as Direct Workers.
5. **Inventory records must be maintained for equipment purchased.** Inventory records shall include the amount and type of funds used to purchase items when such information is available.
6. Depreciation schedules for items capitalized and reported through monthly depreciation charges must be maintained for audit and fiscal review purposes.
7. Claims for reimbursement of indirect costs shall be supported by a current indirect cost plan, which must be maintained on file in the county DSS.
8. All revenue items and applicable credits shall be documented and expenditures reduced by the same amount.

SECTION

I-E

Section I-E Retention Requirement

The County Administration Accounting Unit will advise of completed adjustments. Procedures are as outlined in Fiscal Policy under Section VII A-1 Adjustments.

45 CFR 74, Subpart D requires that a retention period be established to include all financial records, supporting documents, statistical records etc., as follows:

1. **Records shall be retained based on the “DHHS Records Retention and Disposition Schedule” letter issued by the DHHS Controller’s Office every six (6) months.** This letter provides guidance by funding source and state fiscal year as to when pending audits have cleared and records may be destroyed. This memorandum and accompanying schedule are also available on the Controller’s Office website. Questions regarding records retention may be directed to Lisa Allnutt at **(919) 527-6854** or via email@ Lisa.Allnutt@DHHS.NC.GOV.
2. For any records not included in the schedule referenced above, please refer to the updated County DSS Retention Schedule provided by the N. C. Dept. of Cultural Resources, Division of Archives and History, Government Records.

SECTION

II-A

SECTION II - DETERMINATION OF ALLOWABLE/UNALLOWABLE COST**DECEMBER 31, 2023****Section II-A Allowable Cost – General Information****The Department policy covering the allowability of costs is based upon OMB Circular No. A-87**

This section references Personnel Costs, Professional Services, Attorney Services, Board Member Expenses, Telephone, Postage, Supplies, Cost of Space, ADP Equipment, Capital Equipment, Travel, Training, Registration Fees and other costs. The Section also gives examples of each item listed above as far as allowable and unallowable costs. Exclusion of a particular item of cost is not intended to imply that it is unallowable.

The following costs are allowable:**A. Personnel Costs**

Salaries, wages, and fringe benefits of DSS employees hired under the state merit system are allowable as follows:

1. **Salaries shall be allocated to programs by time distribution methods and supported by payroll and attendance records for individual employees.**
2. Temporary employee costs are allowable to the extent of the wages and fringe benefit payments made by counties.
3. **Bonuses, post-retirement health benefits and severance payments paid to agency employees are allowable when such benefits are included in a county-wide pay plan that complies with existing state personnel policies.**
4. **Wages and benefits paid to janitorial staff are classified as facility costs and are to be reported with "cost of space" expenditures.**
5. Hospital premiums paid for retirees are allowable when such benefits are included in the county's official approved pay plan. These expenditures should be reported on the DSS-1571, Part II, Line 311.

B. Professional Services

1. General

"Professional Services" can include a variety of administrative support functions that an agency might purchase, including program-related services purchased from an expert or consultant such as translation, interpretation or the services of an attorney. Whichever type of services are purchased, the following requirements must be met if the costs are to be reported on the DSS-1571 Part II as administrative support for the agency:

- a. The services have not been identified as being services to clients, but are directly and tangibly **beneficial to the agency** in the furtherance of its social services programs.
- b. The services must be in conformity with a written contract which specifies terms and conditions that have been properly executed, and are on file with both parties **prior** to requesting reimbursement.
- c. **Legal expenses incurred in the prosecution of claims against the federal government are unallowable.** Likewise, legal expenses incurred in the prosecution of claims or in any other litigation against the State of North Carolina, or against an agency of the State of North Carolina, are unallowable.
- d. **Legal expenses incurred in defending the county department of social services against claims brought in contention of wrongful action are allowable.** This would include attorney fees and those necessary additional expenses (such as deposition costs, witness fees, and court reporter fees) incurred up to the point that a settlement is agreed to, or that a judicial resolution is imposed. Any further costs associated with the claim, including amounts paid to or on behalf of the claimant, are unallowable. All costs associated with the filing of countersuits would also be unallowable.

Contracts shall be negotiated on the basis of an established fixed rate. For the services of professionals other than attorneys (attorney services are discussed below), reimbursable rates may be negotiated as follows:

- e. Regarding those services for which the Social Services Commission has established, a maximum rate may be negotiated up to the rate established by the Commission.
- f. For services other than those addressed by the Social Services Commission, reimbursable rates may also be negotiated provided that the county thoroughly documents that the rate agreed upon is reasonable, necessary, and competitive.

2. Attorney Services Purchased By Contract - Legal & Administrative

The cost of legal services required in the administration of the grant programs is allowable. The cost of legal services provided by the county attorney as a part of his/her official duties (legal advisor to the county commissioners) is unallowable. Legal expenses for the prosecution of claims against the federal government are unallowable. Otherwise, attorney services may be purchased subject to the following:

- a. **Legal Attorney Services** - These are defined as the activities engaged in by an attorney in the actual provision of legal services to the agency. **A rate may be negotiated for these services**, which must be **inclusive** of the attorney's time as well as any adjunctive expenses routinely incurred by an attorney in the public practice of law. *Such adjunctive expenses might include photocopying, postage, telephone bills, legal secretary expenses, and so on.*

As of May 20, 2016 counties are no longer be required to request a waiver from the DSS Budget Office for Attorney Services Purchased By Contract – Legal & Administrative that are above \$125.00. Counties should continue to use due diligence in obtaining quality services for the lowest possible negotiated price. Counties must maintain compliance with the Code of Federal Regulations, <https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200>, as well as comply with any federal and/or state regulations when incurring expenditures.

Agencies may also hire an attorney on a retainer basis, provided that the fees reported for reimbursement are adjusted annually (by June 30th).

Child Support attorneys may not be hired on retainer per federal regulations requiring reimbursement for **ACTUAL TIME** spent on a case based on the contracted hourly rate.

- b. **Administrative Attorney Services** - These are defined as the activities engaged in by an attorney, which are outside the realm of legal services as defined in the preceding paragraph. Specifically, this category would include attendance at professional meetings, seminars, and the like. **A rate of up to \$55 per hour may be negotiated for these services, not to exceed \$440 per day.**

Agencies may also hire an attorney on a retainer basis, provided that the fees reported for reimbursement are adjusted annually (by June 30th).

Child Support attorneys may not be hired on retainer per federal regulations requiring reimbursement for **ACTUAL TIME** spent on a case based on the contracted hourly rate.

Travel and Subsistence payments are allowable in addition to the hourly rates up to a maximum of the same rates that are applicable to the county DSS employees. These costs must be included in the agreement as a budget addendum. **However, an attorney may not be paid an hourly rate for time spent traveling.**

C. *Board Member Expenses*

Members of the county Board of Social Services may receive a per diem in such amount as shall be established by the county board of commissioners. Reimbursement for subsistence and travel shall be in accordance with a policy set by the county board of commissioners. (Report on Part II as Code 311.)

D. *Communications and Supplies*

1. Includes such items as telephone services, postage, messenger service, postal meter charges, printed stamped envelopes, special delivery fee, or postage due charges.

2. Supplies include such general office supplies as paper, pencils, folders, unstamped envelopes, clips, etc.; also personal property, e.g., staples, pencil sharpeners, file baskets, books, etc., which do not meet the definition of non-expendable property.

E. Cost of Space that is essential to agency functions is a proper charge. Such charges may take the form of:

1. Rental and service and maintenance costs in leased/rented buildings (from private owners or other public agencies)
2. Costs of service and maintenance in county owned buildings (or provider agency owned buildings). The standards for allowable costs in OMB Circular A-87 for depreciation and use allowances and building space and related facilities apply.

F. Automatic Data Processing

The Federal Financial Participation (FFP) in the acquisition costs of data processing equipment and services to meet local county agencies need is only available if it does not duplicate or modify an already existing county or state system and limited by the following based criteria:

1. **Individual items of computer equipment with a unit cost of less than \$5,000 may be expensed rather than depreciated regardless of the total cost of acquisition.**
2. **Prior approval is required for \$1,000,000.00 or more on noncompetitively acquired data processing equipment and services.**
3. Competitively acquired data processing equipment and services used to meet county needs, costing \$5,000,000 or more per acquisition needs prior approval.

G. Equipment and Furniture

The following specific criterion applies to the purchase of office equipment:

1. **Definition.** - Items which are of a nonexpendable nature, having a useful life of more than one year and an acquisition cost of \$5,000.00 or more per unit, are classified as nonexpendable equipment. A county may use its own definition of equipment provided that such definition would at least include all tangible nonexpendable property as defined above.
2. **Availability of funding.** - Federal participation is available in expenditures for nonexpendable personal property only in the form of depreciation expense, or as an annual use allowance of 6 2/3% of acquisition cost [except as indicated in item #6, "Automatic Data Processing" and in paragraphs (1) and (2), below]. Whichever option is chosen, allowability is limited to the period for which the property is used in the county agency program(s).

3. **Furniture cannot be direct-charged.**

- a. A county may claim FFP in the full amount of expenditures for acquiring nonexpendable personal property costing less than \$25,000. In the case of property acquired with a trade-in, the \$25,000 limitation is applied to the amount paid for the new property plus the book value of the property traded.
- b. The \$25,000 threshold is not applicable for purchases supported by funds from USDA/FNS, the depreciation threshold for these purchases remains at \$5,000.

4. **Vehicles**

- a. **Any vehicles purchased by the county using Federal and /or State funds require prior approval from the Controller's Office prior to purchasing.** Reimbursement for all vehicles is made at the administrative rate. When a vehicle is purchased for use by a Department of Social Services (DSS), the cost is allocated between the programs that will be using it. However, with *prior* approval of the North Carolina Division of Social Services (NCDSS) program staff and the Division of Social Services Deputy Director of Operations, and the assurance that the vehicle will be used *exclusively* for one specific program, the cost of the vehicle may be direct charged. To direct charge the vehicle's costs, the county must submit a request that includes their assurance of exclusive use and the plan of use (how many clients will use it, who else will be using it, why no other resource can be used, etc.).

The total costs claimed each month may be determined in one of the following ways:

- (1.) Depreciation - Reimbursement for the vehicle may be claimed on a monthly basis over its useful life. The Division has determined that the useful life of a vehicle is 110,000 miles. Therefore, an estimate of the number of miles to be driven per month, divided into the 110,000 will determine the useful life of the vehicle in months. By dividing the purchase price by the useful life in months, the result is the maximum monthly reimbursement amount. If experience shows that the actual and estimate for monthly mileage use are significantly different, then the maximum monthly allowance must be adjusted.

Note: According to the Office of Controller State Policy (OSC), "The general rule is that careful estimates of useful lives that later prove to be incorrect based on new information should be considered changes in estimates. Changes in estimates must be handled prospectively (i.e., restatement of prior years is prohibited)."

For example, a vehicle is purchased during 2002 with the established policy stating the useful life to calculate depreciation is based on 100,000 miles. Even though during 2004, the same vehicle continues to be in use and had not fully depreciated, but a new revised policy has instituted the useful life as 110,000 miles, the vehicle purchased during 2002 would continue to calculate depreciation based on the policy in place when the vehicle was originally purchased.

If the 110,000 mile basis is not appropriate, an alternative method may be requested. The request **must** be sent to the DHHS Controller's Office and include your justification for the alternative.

- (2.) Use allowance - Reimbursement for the vehicle may be claimed on the basis of use. By dividing the purchase price by 110,000 miles (useful life as above) the result is the cost per mile. For example, if the purchase price of a vehicle was \$22,000, the mileage rate is \$0.20/mile. The cost per mile is then multiplied by the total miles on the log for the month to determine the reimbursement amount for the current month.
- (3.) Expensed - With the prior review by NCDSS program staff and the approval of the Deputy Director of Operations, a county may expense a vehicle that costs up to \$25,000.
- (4.) Mileage - Reimbursement for the vehicle may be claimed using the allowable rate for the county, up to the limit of the IRS rate (such as, 22 or 30 cents per mile). This method normally takes into account all maintenance, insurance, etc.; so any of these costs included in the rate may not be claimed in addition to mileage rate.
- (5.) Regardless of the method of reporting for reimbursement, the county must maintain an ongoing log that accounts for the purpose of use for 100% of the miles driven. The county must also maintain invoices, logs, worksheets, and other records as necessary to support the claim for reimbursement. For items numbered (1) through (3) above, other expenses, such as maintenance, insurance, gas, etc. may be claimed for reimbursement in addition to the mileage rate.
- (6.) The purchase of a vehicle must be in accordance with policy contained in Code of Federal Regulations at 45 CFR Part 95 as well as other policies relative to equipment purchases and management of property.
- (7.) An ownership interest is maintained in a vehicle purchased with any federal funding. Therefore, a vehicle expensed cannot be disposed of without the same percentage of proceeds, or unused portion, being returned to the federal program(s) as was used to reimburse for it. For example, if a county that normally follows the use allowance method expensed a \$20,000 vehicle (\$10,000 federal funds and \$10,000 county funds) and disposed of it after only 27,500 miles of use, the county would have to return \$7,500 to the federally funded program. This is determined by computing the unused portion of the vehicle, which is 75% $\{(110,000 - 27,500)/110,000\}$, and the amount of the purchase that was expensed to the federally funded program, which is \$10,000. The amount due the federal program is the unused portion of the federal funding or 75% times \$10,000.
- (8.) For information on allowing non-program participants to ride on a vehicle previously direct charged to a specific program, please contact the division of Social Services.

b. Contract providers may purchase vehicles subject to the conditions listed below:

- (1.) The Contractor will retain title to the vehicle(s) and will immediately transfer title to the Department of Health and Human Services upon termination of the contract; dissolution of articles of incorporation or other similar action that may have an adverse effect on the Contractor's ability to carry out the provisions of the contract, whichever occurs first.
- (2.) The Contractor may not trade or otherwise dispose of the vehicle(s) without written consent of the Division of Social Services.
- (3.) The purchase of the vehicle(s) must be in accordance with policy contained in Code of Federal Regulations at 45 CFR Part 95 as well as other policies relative to equipment purchases and management of property.
- (4.) Conditions and requirements (a) through (c) must be incorporated in each year's contract and shall remain in effect as long as a valid contract exists or until the vehicle(s) useful life (as defined by the Division of Social Services) is exhausted, which occurs first.

H. Travel

County staff is authorized reimbursement for official travel that is within the context of a county-wide travel plan approved by the Board of County Commissioners and maintained in the county for review and audit. In the absence of such a county plan, reimbursement of claims submitted to the Division shall not exceed the maximum allowable under state policy.

I. Staff Development and Training

Costs for training, meetings/conferences, seminars or workshops, payment for books; training supplies and equipment; tuition; registration for training sessions; travel and per diem for trainees; cost of space rented for training are proper charges. If any of these costs are client-related and can be identified to a particular program or funding source, then the costs should be charged directly to that program or funding source. Furniture and supplies cannot be direct charged.

Note: Documentation is required at the county level to support agendas and costs.

J. Convention Registration

State law allows reimbursement of the actual amount of convention registration fees as shown by a valid receipt or invoice [G.S. 138-6(a), (4)].

K. Lease/Purchase Agreements

A lease of personal property with an option to purchase the property is subject to the laws and contracting requirements mentioned under FORMAL BIDDING, INFORMAL BIDDING, and LOW VALUE PURCHASES. The total estimated expenditure determines which of these types of purchases/contracts applies to the lease-purchase.

For accounting purposes, lease-purchase agreements are recorded as purchases of fixed assets with the related incurring of debt. Counties are cautioned that they may not enter into a lease-with-option-to-purchase without complying with the applicable bidding requirements. Such a lease-option agreement must be let to contract after complying with the competitive bidding rules, even though the rental payments will be credited toward the purchase price should the option be exercised at some later date.

Counties are further cautioned that, in awarding a contract for the purchase of equipment, they may not take into consideration the terms of a lease with a lessor under which the county can be given credit (on the purchase price of the equipment) for amounts already paid the lessor.

And finally, counties may not claim State/Federal Financial Participation in that portion of the total amount of a lease agreement that exceeds the amount that the leased equipment could have been purchased for at the outset.

Policy: A lease is an agreement between a lessor and a lessee that gives the lessee the right to use property, plant or equipment for a specific period of time in return for stipulated cash payments. Leases are classified as either capital or operating.

Capital Leases: According to Financial Accounting Standards Board (FASB) Statement 13, "Accounting for Leases", a lease is considered a capital lease if it meets any **one** of the following criteria:

The lease transfers ownership of the property to the lessee by the end of the lease term.

The lease contains an option to purchase the leased property at a bargain price.

The lease term is equal to or greater than 75 percent of the estimated economic life of the leased property (e.g., lease term four years, estimated life five years).

The present value of rental and other minimum lease payments equals or exceeds 90 percent of the fair value of the leased property less any investment tax credit retained by the lessor (e.g., future minimum lease payments \$9,000, fair value \$10,000).

Operating Leases: To determine if a lease is operating, review the four criteria above. If it does not meet any of the criteria, the lease is considered an operating lease. All costs incurred are expensed when recording operating lease activity. Neither an asset nor an obligation is recorded for operating leases. Accordingly, rental payments are recorded as rental expense in the operating statement. Note disclosure is required on the financial statements.

L. Lease/Rental Agreements

Competitive bidding is required based on the amounts indicated in items 3 and 4 of VIII A-2-1, *even if* the equipment is already on site on a rental or lease arrangement.

M. Other Allowable Items of Cost

1. **Bonds covering county agency employees** in their official capacities.
2. **Insurance** on facilities.
3. Allocated costs for county central supporting services (**Indirect Cost**) provided a county-wide cost allocation plan has been prepared and is on file.
4. **Agency memberships in business, technical and professional organizations** whose purpose is social services related.
5. *Agency* subscriptions to business, technical and professional periodicals and books regarded as program related, necessary and reasonably priced.
6. **Taxes that are paid directly by an agency, and for which refunds or legal exemptions are not permitted by law, are allowable.** An example of sales taxes paid which are reimbursable are those paid to an out of state entity. Please note the following clarifications as to how this policy applies in certain instances.
 - (a) When an agency reimburses an employee for actual travel expenses (or pays the employee an allowance in lieu of such reimbursement), the county may not properly claim a refund on sale taxes paid in connection with the travel expenses. Thus, the agency may report these sales taxes to the Division of Social Services for state and federal financial participation.
 - (b) When an agency stockpiles goods (such as fuel, heaters, blankets, fans, food, etc.) which will subsequently be given or loaned to recipients who are not specifically identified when the goods are purchased, the purchases are considered to have been made by and for the agency. The sales taxes paid thereon may be properly refunded to the county by the North Carolina Department of Revenue, and therefore are not allowable for state and federal financial participation through the Division. (In this situation, the tax refund status is essentially no different than it would be if the agency bought a box of paper clips - the tax is refundable.)
7. **Notary Public fees** or necessary costs incurred in the process of securing notary status for agency employees are allowable.
8. **Physicians, dentists, psychiatrists** - when providing direct medical care **may receive up to \$75.00/hour.**
9. **Stipends for cell phone usage**-Federal regulations require reimbursement cost to be of measurable value in order for funds to be expensed. A settlement process is necessary to ensure that counties only document valid business expenditures which can withstand audits.

SECTION

II-B

Section II-B Unallowable Cost – General Information

The following costs are unallowable for State and Federal financial participation:

1. **Costs of dues, memberships, or subscriptions for individual employees.**
2. Bad debts or losses arising from accounts declared uncollectible
3. Contributions to a contingency reserve or any similar provision for unforeseen events.
(For the Work First Program, such a reserve, funded by county funds, may count toward the county's required Maintenance of Effort, per G.S. 108A 27.4 (c).)
4. **Entertainment costs, amusements and social activities**
5. Fines and penalties resulting from violations or failure to comply
6. Taxes which could have been legally recouped by means of exemption or refund.
7. **Interest payments are unallowable, *with the exception of expenditures for interest incurred for the financing of buildings newly occupied.***

SECTION

II-C

Section II-C Costs Allowable with Prior Federal Approval

The following costs are allowable for state and federal financial participation (SFFP) only when written approval has been granted by the appropriate agency of the state or federal government *before* the incursion of the costs.

1. **Costs Requiring Prior Approval of the Federal Government, Through the Division of Social Services:**
 - a. ***Prior approval is required for \$1,000,000.00 or more noncompetitively acquired data processing equipment and services. For counties, this threshold is based on annual total costs (SFY).***
 - b. Competitively acquired data processing equipment and services to meet county needs and costing \$5,000,000 or *more* per acquisition requires prior approval. **For counties, this threshold is based on annual total costs (SFY).**
 - c. **Costs of space:**
 - (1) **for periods of non-occupancy**
 - (2) **acquired under rental-purchase or a lease with option-to-purchase**
 - d. **Costs of facilities, equipment, or other capital assets, as well as repairs which materially increase the value or useful life of existing capital assets.**
 - e. **Contributions to a reserve for self-insurance.**

Prior approval is required for self-insurance plans which are intended to be reserves for the replacement of property (e.g. buildings and equipment).

Self-insurance plans which satisfy the provisions of "employee fringe benefits" *do not* require prior approval since such plans would be considered "*fringe benefits*". In addition to satisfying the provisions of page II F-43, the plan **must be approved by the County Commissioners, be on file, and be applicable to all county employees** (not just DSS employees). The Division of Cost Allocation of the HHS Regional Office recommends that counties include descriptions of the provisions and methodology of the (fringe benefit) self-insurance plan and other fringe benefits in the narrative portion of their indirect cost plan. A description of any applicable (fringe benefit) self-insurance plan should be included (e.g. workmen's compensation, health insurance, etc.).

The following policies apply to self-insurance plans that qualify as *employee fringe benefits*.

- (1) *No prior approval* from the State Office is required.
- (2) *No annual adjustment to actual cost* is required. An adjustment to the reserve may be necessary if the amount in the reserve exceeds a reasonable amount.

There are two acceptable ways of determining if the reserve amount is reasonable: (a) if it has been shown by actuarial study to be reasonable or (b) if the reserve amount does not exceed the amount of actual claims paid for the prior three year period.

- (3) All counties are advised to conduct an annual review of their self-insurance plans. The review should indicate whether or not the reserve contains a reasonable amount (as discussed in Item 2 above). A review of the reserve might reveal that adjustments need to be made in the rates (e.g., if the reserve exceeds the amount of claims paid in the prior three year period).

- f. **Costs of management studies performed by governmental agencies other than the Division of Social Services.**
- g. **Prior Approval Requirement for Automated Data Processing Equipment and/or Services.** - Acquisitions of automated data processing equipment (hardware and software) and services are governed by federal regulations of the Department of Health and Human Services (DHHS) and the Department of Agriculture, Food and Nutrition Service (USDA). Prior written approval must be obtained from both the DHHS Division of Information Resource Management (DIT) and the federal government (if DHHS and/or USDA will be participating in any of the costs) in any of the following circumstances:
 - (1) **The total acquisition cost is \$5,000,000 or greater and acquired competitively (45 CFR 95.611, 7 CFR 277.18(c), Policy IIA1).**
 - (2) **The total acquisition cost is \$1,000,000 or greater, and is acquired non-competitively from non-governmental sources (45 CFR 95.611, 7 CFR 277.18(c), Policy IIA2).**
 - (3) **Federal financial participation (FFP) is being requested at an enhanced rate, regardless of the acquisition cost (45 CFR 95.611, 7 CFR 277.18(c)). This applies to equipment being acquired to access the Eligibility Information System (EIS) (Policy IIA3).**

If an acquisition does not require DIT and federal approval under the three circumstances above, DIT prior written approval is required, regardless of acquisition cost, if the project includes any of the following (Policy IIA4):

- (1) Development of software, custom modifications of purchased software, or purchase of software other than off-the-shelf software commercially available to the public for general business or personal use.

DIT and/or federal approval is obtained by submitting an Advance Planning Document (APD) to the Division of Social Services (45 CFR 95.611, 7 CFR 277.18(c), Policy IIA). Prior written approval thresholds for county acquisitions are determined based on the cumulative total for the fiscal year (Policy IIG).

Prior approval is not required for certain types of acquisitions and FFP is available at the regular rates if the acquisition does not require prior written approval by DIT and/or the federal government as described above. An ADP Equipment Acquisition Plan must be filed with the Division of Social Services prior claiming the expenditures for reimbursement; counties may wish to submit their plan before acquisition of the equipment. Items purchases which are subsequently not approved must be funded with 100% county dollars. Acquisitions in this category are:

- (1) Terminals, personal computers, personal computer printers or workstations up to the level of one such device per worker.
- (2) System printers up to one per three workers or one per floor or one per site, whichever is greater.
- (3) Local area networks or minicomputers when necessary to maximize the benefit of such devices and other devices as required to connect to the state network.
- (4) Off-the-shelf software commercially available to the public for general business or personal use.

Acquisitions by central county data processing facilities of data processing equipment and services from commercial sources that are acquired primarily to support public assistance programs are subject to the prior written DIT and federal approval requirements. Data processing equipment and services are considered to be primarily acquired to support public assistance programs when these programs may reasonably be expected to either be billed for more than fifty percent (50%) of the total charges made to all users of data processing equipment and services during the time period covered by the service agreement or directly charged for the total cost of the purchase or lease of data processing equipment or services (45 CFR 95.605).

- h. **Building space and related facilities.** - The cost of space in privately or publicly owned buildings used for the benefit of the grant program is allowable subject to the conditions stated below. The total cost of space, whether in a privately or publicly owned building, may not exceed the rental cost of comparable space and facilities in a privately-owned building in the same locality. **The cost of space procured for grant program usage may not be charged to the program for periods of nonoccupancy, without authorization of the grantor Federal agency.**
- i. **Capital expenditures.** - The cost of facilities, equipment, other capital assets, and repairs which materially increase the value or useful life of capital assets is allowable when such procurement is specifically approved by the Federal grantor agency. When assets acquired with Federal grant funds are (a) sold; (b) no longer available for use in a federally-sponsored program; or (c) used for purposes not authorized by the grantor agency, the Federal grantor agency's equity in the asset will be refunded in the same proportion as Federal participation in its cost. In case any assets are traded on new items, only the net cost of the newly-acquired assets is allowable.

SECTION

II-D

Section II-D Cost of Space

It is the responsibility of each county (or contract provider) to secure and maintain the adequate housing to efficiently meet particular needs of its Department of Social Services (or other provider agency) in the administration of the social services programs. Toward that end, costs incurred in providing such space will generally be allowable and eligible for state and federal financial participation.

Claims may be made for cost incurred in:

1. **Paying rent and attendant service and maintenance costs** in privately owned buildings
2. **Providing service and maintenance for buildings owned by the county** (or provider agency).
3. **Making repairs or alterations to buildings owned by the county** (or provider agency)
4. **Providing adequate and necessary parking areas for facilities owned by the county** (or provider agency)
5. Upfit and/or renovations for buildings acquired by the county via lease/purchase agreements. No costs for uplift and or renovations may be claimed for leased space unless ownership passes to the county at the end of the lease term.

Such reporting must be for actual costs incurred in providing a benefit to the social service programs and must be reasonable and necessary for proper and efficient administration of those programs. In addition, such reporting must be net of all applicable credits, and may not be included as a cost of other federally funded programs in either the current or a prior period.

The Division of Social Services does not currently engage in the approval of cost-of-space agreements, nor does it require claimants to secure three letters of comparable rent. Nevertheless, counties are reminded of the federal requirement that the total cost of space, whether in a privately or publicly owned building, may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality. Effective July 1, 1984 the State's method of implementing this requirement is as follows: (a) for publicly owned buildings, reimbursement is limited to no more than the actual cost; (b) for rented or leased space, either competitive procurement is required *or* justification for a sole source is required.

1. ***Rent and/or Service and Maintenance in Leased/Rented Buildings (from private owners or other public agencies)***

A copy of the signed lease agreement executed in accordance with N.C. General Statute 159 must be kept on file. Unless specifically authorized to do so by the County Board of Commissioners, DSS directors may not sign leases for facilities.

Costs are allowable if documented *and* if the following procurement procedures are followed:

If the expenditure of funds during the lease period (or for one year, whichever is longer) exceeds \$90,000, *formal bidding* procedures must be followed (advertising, receiving of sealed bids, etc.). A new lease *or* a renewal would both require formal bidding if the lease/rental cost exceeds \$90,000.

If the amount of the rental/lease is from \$30,000 to \$90,000, an informal bidding process is required (quotations from vendors on price and availability may be solicited by phone, letter or similar methods).

2. ***Service and Maintenance Costs in County Owned Buildings (or Provider Agency Owned Buildings)***

Financial participation is available for service and maintenance costs that are necessary to maintain space suitable for continuous occupancy by the local department. **Examples might include the costs associated with utilities, insurance, security, janitorial service, elevator service, painting, decorating, and up keeping of grounds, normal maintenance repairs, and depreciation.** A county may claim FFP for DSS occupied space only; no claim may be made for the cost of idle, excess, or unoccupied space, except with prior written approval of the grantor federal agency. In addition, **actual expenditures for interest incurred for the financing of buildings is allowable for buildings newly occupied on or after October 1, 1980.**

Reporting for service and maintenance may be on the basis of actual current expenditures, or they may be on the basis of a "fixed" amount which is derived from the actual certified (audited) expenditures of the previous fiscal year.

When reportings are based on the *fixed amount* method, the necessity of adjusting reportings to actual cost is avoided because the county is, in effect, reporting actual costs one year in arrears.

Financial participation is available in the cost of maintenance, repairs, and alterations of space occupied by county departments of social services and provider agencies. Such costs must be necessary for the maintenance of proper facilities used for the administration of the social services programs. **Routine maintenance repairs may be reported in full at the time expenditures are made, but major renovations and/or alterations must be reported on the basis of depreciation or use allowance.**

1. *Principles*

The following principles will govern financial participation in the costs of maintenance repairs and alterations:

- a. **Expenditures should be necessary and beneficial** to the successful operation of the county or provider agency program.
- b. **Where space is shared with other agencies, the cost** of repairs or alterations benefiting all agencies **must be allocated** on the basis of a reasonable pro rata share; that is, **on the basis of the amount of space occupied by the county** or provider agency **in relation to the total building space**. Where repairs and alterations benefit only one agency, these costs (whether direct expense or depreciation) will be charged to that agency. The county DSS should retain documentation to support their method of prorating shared building expenses.
- c. **The county DSS must retain documentation of depreciation schedules, which must be based on the straight line method.** The county must retain documentation of the original cost of the building and the cost of any renovations to the building.

The "standard useful life" of a masonry and steel building is assumed to be 45 years or IRS guidelines. The county DSS must document their method of determining the useful life of a building if the "standard useful life" is not used. **Also the standard useful life of mobile homes is ten years.**

2. *Distinction Between Maintenance Repairs and Major Renovations/Alterations*

The distinction between maintenance repairs and (major) renovations and alterations usually depends on whether the expenditure is for routine "up-keep" of the building or for extensive repairs or alterations involving substantial structural changes or replacements.

a. *Maintenance Repairs*

Repairs of this type are generally minor in nature and do not involve structural changes or alterations in buildings. **Examples of minor maintenance repairs include patching of a roof, painting and decorating, repairing plaster, repairing doors and locks, minor or routine repairs to elevators, plumbing, or electrical equipment, and repair of equipment parts.** Maintenance repair items should not be capitalized and depreciated. These items should be reported as expenses for the month in which they are paid.

b. *Major Renovations and Alterations*

These repairs usually involve substantial alterations and/or structural changes in buildings. **Examples of major renovations and alterations include the following: replacement of a whole roof, construction of fixed or permanent partitions, the cost and installation of heating, plumbing, air conditioning, and electrical systems.** All items classified as major renovations or alterations should be capitalized and depreciated over the anticipated life of the item or the remaining life of the building.

NOTE: No costs for major renovations and alterations may be claimed for leased space. The space must be owned by the county or must have been acquired through a lease purchase agreement with ownership passing to the county at the end of the lease term.

1. **The costs of providing parking facilities necessary for the efficient administration of the social services program will be subject to Federal financial participation.**
2. The provision of parking facilities for the use of the staff of a county department of social services, and for persons who may need to visit the offices on official business, is an important means of facilitating the administration of the public assistance programs. Since home investigations of applicants and recipients of public assistance are generally necessary in the determination of eligibility, it is usual that such investigations are made by field workers using a car. In view of the location of many county social services departments (in business districts where streets in the vicinity of the offices are congested) and of the widespread practice of metering street space in urban localities, it becomes increasingly important for field workers as well as other agency staff to have ready access to convenient parking space. For the same reasons, some provision for off-street parking is frequently necessary for the public that may need to visit the social services office on official business.
3. Financial participation is available in the cost of providing parking facilities under the policies applicable to all other joint administrative costs. Participation in such expenses would include the costs of providing parking facilities which are of benefit to both the staff of the social services and contract provider agencies, and to persons who may need to visit the office of the social services department on official business. ***Parking facilities (for the purpose of financial participation) include the rental, construction, or purchase of garages and parking lots, excluding the cost of land. For purchase and construction of a parking facility, the amount claimed must be limited to annual depreciation or use allowance that is calculated using an actual cost basis.*** However, if expenditures for parking facilities are incurred in connection with the purchase or construction of office space, they will be considered as costs of occupancy of the building for purposes of Federal financial participation under the principles governing the costs of office space.
4. **If garage or parking lot space is to be used jointly** by one or more other agencies, **the cost must be allocated** on the basis of the extent of use by each agency or the proportion of the total space allotted for use by the department of social services.

Fees for street parking or fees paid for individual parking space are not considered administrative expense and therefore are not covered for participation.

The occupancy of a building under a rental-purchase or a lease with option to purchase agreement is allowable *only* with prior approval of the federal grantor agency. The county would need to submit their plan to the Division for review and forwarding to the federal office for approval. No financial participation is available for these agreements prior to the receipt of written approval from the federal grantor.

Also under rental-purchase or a lease with option to purchase agreement, reimbursement is limited to the amount allowable if the building had been purchased outright.

SECTION
II-E

Section II-E Indirect Cost Reporting

The purpose of this section is to present certain information and requirements relating to the reimbursement of indirect costs. For information pertaining to the actual preparation of a county-wide central supporting services cost allocation plan (indirect cost plan), counties should refer to N.C. Local Government Publication No. 126 dated January, 1980, and entitled "An Introduction to Indirect Costs", as well as "Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government", which was published in December 1976 by HEW and is usually referred to as OASC-10.

Indirect Cost Defined - A direct cost is a cost which can be specifically or readily identified with a particular DSS (or contractor), and which may therefore be charged directly and in total to that agency. **An indirect cost is one which cannot be so identified, but rather is incurred for the common benefit of the DSS as well as for other activities carried on by the county. Some obvious examples of such joint-benefit costs would be: a) finance department operations, including accounts payable, payroll, and purchasing functions; b) the provision, operation, and maintenance of county government buildings, including the DSS and related buildings; and c) motor pool operations.** In addition to the term "indirect costs", these costs are more properly called "central supporting services costs", and to claim reimbursement for them, a county must prepare a cost allocation plan.

Counties now have the options of including all or a part of their cost of space in a county-wide central supporting services cost allocation plan. Cost of space normally is made up of such costs as utilities, security and janitorial services, building maintenance costs and depreciation (or use allowances), and such costs as are usually incidental to rental and lease agreements. The cost of any one of these items can be directly charged to the appropriate "user" departments, or it can be incorporated into a central supporting service "cost pool" and allocated on some equitable basis (such as net usable square feet), also to the appropriate "user" departments. Regardless of the option selected, counties must comply with the applicable regulations governing cost of space:

1. Costs may not be claimed for buildings that have been or would be considered to be fully depreciated.
2. **No part of the cost of land may be claimed.**
3. No claim may be made for any portion of the cost of buildings or equipment previously donated or otherwise borne directly or indirectly by the federal government.

If a private organization donates a building to the county without restrictions, an annual use allocation (not to exceed 2%) may be claimed on the portion of the building occupied by the DSS. The use allowance must be based on the fair market value of the donated structure.

4. **No claim may be made for the cost of idle, excess, or unoccupied space, except with the prior written approval of the grantor federal agency.**

Basis for an Indirect Cost Plan

Counties must prepare a plan for each and every year for which they wish to claim indirect costs. The figures used as the basis for the calculations must be the actual costs of the most recent fiscal year for which they are available. Generally, the source of these figures will be the independent CPA report for the fiscal year immediately *preceding* the fiscal year during which the plan is prepared.

Certifying the Indirect Cost Plan's Existence

Also, for each and every year for which a county wishes to claim indirect costs, they must certify to the Controller, Department of Health and Human Services that a plan has been completed and is on file in the county. The certification should take substantially the following form: (i.e. for SFY 23-24)

Pursuant to the Social Services Fiscal Manual, you are hereby informed that we have completed our cost allocation plan, prepared in accordance with OMB A-87, for the fiscal year ending June 30, 2022. The final indirect cost for the Department of Social Services (i.e. Child Support, Native American County) for fiscal year 22 is \$X,XXX,XXX; the roll forward adjustment is \$XXX,XXX and costs to be claimed are \$X,XXX,XXX .

We are using a roll forward method of indirect cost computations. Therefore, no rate adjustments will be claimed during the present fiscal year (22-23). The roll forward amount due us has been rolled forward into the FY 23-24 rate request, which will be claimed commencing July 1, 2023. The attached schedules reflect the proposed FY 23-24 claim.

County Finance Officer/County Manager: _____

County DSS Director: _____

As shown, the certification should be signed by both the County Finance Officer/County Manager and the County Director and should then be mailed to the County Administration Accounting Unit, Controller's Office, 2019 Mail Service Center; Raleigh, North Carolina 27699-2019. It is *required* that an applicable plan be completed and on file as of the time a claim is submitted for reimbursement. **This certification should therefore be furnished as soon as the county's annual plan is completed, but in no event later than April 15th following the state fiscal year in which reimbursement is being claimed (ex. SFY 22-23 by 4/15/2023).**

Reconciling Projected Indirect Costs to Actual

Much of the indirect cost plan methodology currently in use culminates in a projection of current or future period costs based on the verified actual costs of a prior period. In such cases, the projected costs must be reconciled to actual when the actual costs become known, and counties are therefore reminded to provide for a mechanism to accomplish this requirement.

When county owned buildings, capital improvements, and/or equipment items are used on behalf of social services programs, counties are entitled to compensation for such use by means of use allowances or depreciation. In the case of use allowances (2% annually for buildings, 6.67% for equipment) the appropriate annual allowance for a given item may be claimed each year, irrespective of the total amount that may have been claimed for preceding years. In the case of depreciation, however, the amounts claimed by the county are considered to apply toward the amortization of the item's acquisition cost and are therefore subject to certain limits and controls. Foremost among these controls is the requirement that **appropriate property records be**

maintained, so as to insure that the acquisition cost of each item is amortized over an acceptable period, and that the amount amortized does not actually exceed the item's acquisition cost. The following policies apply:

All asset depreciation charges claimed against social services programs must be supported by formal depreciation schedules. If these charges are identified by means of a central supporting services cost allocation plan, the depreciation schedules must henceforth be incorporated into the formal plan, and must include the following information for each asset item:

1. A description of the asset.
2. Date of acquisition (at a minimum, the month and year).
3. Net acquisition cost of the asset.
4. **Useful life.** This should be in accordance with applicable industry or IRS Guidelines, unless considerable justification can be provided for using an alternate span. The useful life of vehicles must be in accordance with OSBM guidelines (110,000 miles).
5. Depreciation methodology. (Currently, straight-line is the only permissible method.) Useful life should be followed when relating to vehicle purchases.
6. Total amount of depreciation taken in previous periods.
7. Amount of depreciation being taken in the current period.
8. Combined total of depreciation taken in previous and current periods.
9. Remaining undepreciated (net book) value.

Reporting the Indirect Costs - Indirect costs should be reported on the Statement of Administrative Expenditures, Form DSS-1571, Part II. Because of considerations involving the Division's draw down of Federal funds, **counties must report their indirect cost in monthly increments.**

Counties are cautioned that, with these as with other expenditure reportings, reimbursement by the Division does not constitute final acceptance or endorsement of the methodology used in preparing a plan. If upon audit or otherwise, it is determined that the costs do not meet the requirements specified in the applicable cost principles (such as reasonableness and necessity), the costs may be disallowed.

If there are questions about indirect cost plans, please call the Controller's Office (919) 527-6150.

SECTION
II-F

Section II-F OMB Circular A-87 Selected Items of Cost

1. **Purpose** This Circular establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally-recognized Native American tribal governments (governmental units).
2. **Authority** This Circular is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Procedures Act of 1950, as amended; the Chief Financial Officers Act of 1990; Reorganization Plan No. 2 of 1970; and Executive Order No. 11541 ("Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President.")
3. **Background** An interagency task force was established in 1987 to review existing cost principles for Federal awards to State, local, and Native American tribal governments. The task force studied Inspector General Reports and recommendations, solicited suggestions for changes to the Circular from governmental units, and compared for consistency the provisions of other OMB cost principles circulars covering non-profit organizations and universities. A proposed revised Circular reflecting the results of those efforts was issued on October 12, 1988, and August 19, 1993. Extensive comments on the proposed revisions, discussions with interest groups, and related developments were considered in developing this revision.
4. **Rescissions** This Circular rescinds and supersedes Circular A-87, issued January 15, 1981.
5. **Policy** This Circular establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government. The principles are for determining allowable costs only. They are not intended to identify the circumstances or to dictate the extent of Federal and governmental unit participation in the financing of a particular Federal award. Provision for profit or other increment above cost is outside the scope of this Circular.
6. **Definitions** Definitions of key terms used in this Circular are contained in Attachment A, Section B.
7. **Required Action** **Agencies responsible for administering programs that involve cost reimbursement contracts, grants, and other agreements with governmental units shall issue codified regulations to implement the provisions of this Circular and its Attachments by September 1, 1995.**
8. **OMB Responsibilities** The Office of Management and Budget (OMB) will review agency regulations and implementation of this Circular, and will provide policy interpretations and assistance to insure effective and efficient implementation. Any exceptions will be subject to approval by OMB. Exceptions will only be made in particular cases where adequate justification is presented.

9. **Information Contact** Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Financial Standards and Reporting Branch, Office of Management and Budget, Washington, DC 20503, telephone 202-395-3993.
10. **Policy Review Date** OMB Circular A-87 will have a policy review three years from the date of issuance.
11. **Effective Date** This Circular is effective as follows:
- **For costs charged indirectly or otherwise covered by the cost allocation plans described in Attachments C, D, and E, this revision shall be applied to cost allocation plans and indirect cost proposals submitted or prepared for a governmental unit's fiscal year that begins on or after September 1, 1995.**
 - **For other costs, this revision shall be applied to all awards or amendments, including continuation or renewal awards, made on or after September 1, 1995.**

**OMB CIRCULAR NO. A-87
COST PRINCIPLES FOR
STATE, LOCAL AND NATIVE AMERICAN TRIBAL GOVERNMENTS**

TABLE OF CONTENTS

Attachment A - General Principles for Determining Allowable Costs

Attachment B - Selected Items of Cost

Attachment C - State/Local-Wide Central Service Cost Allocation Plans

Attachment D - Public Assistance Cost Allocation Plans

Attachment E - State and Local Indirect Cost Rate Proposals

Circular No. A-87
Attachment A

**GENERAL PRINCIPLES FOR DETERMINING
ALLOWABLE COSTS**

TABLE OF CONTENTS

- A. Purpose and Scope**
 - 1. Objectives
 - 2. Policy guides
 - 3. Application

- B. Definitions**
 - 1. Approval or authorization of the awarding or cognizant Federal agency
 - 2. Award
 - 3. Awarding agency
 - 4. Central service cost allocation plan
 - 5. Claim
 - 6. Cognizant agency
 - 7. Common rule
 - 8. Contract
 - 9. Cost
 - 10. Cost allocation plan
 - 11. Cost objective
 - 12. Federally-recognized Native American tribal government
 - 13. Governmental unit
 - 14. Grantee department or agency
 - 15. Indirect cost rate proposal
 - 16. Local government
 - 17. Public assistance cost allocation plan
 - 18. State

- C. Basic Guidelines**
 - 1. Factors affecting allowability of costs
 - 2. Reasonable costs
 - 3. Allocable costs
 - 4. Applicable credits

- D. Composition of Cost**
 - 1. Total cost
 - 2. Classification of costs

- E. Direct Costs**
 - 1. General
 - 2. Application
 - 3. Minor items

- F. Indirect Costs**
 - 1. General,**
 - 2. Cost allocation plans and indirect cost proposals**
 - 3. Limitation on indirect or administrative costs**

- G. Interagency Services**

- H. Required Certifications**

A. Purpose and Scope*1. Objectives*

This Attachment establishes principles for determining the allowable costs incurred by State, local, and federally-recognized Native American tribal governments (governmental units) under grants, cost reimbursement contracts, and other agreements with the Federal Government (collectively referred to in this Circular as "Federal awards"). The principles are for the purpose of cost determination and are not intended to identify the circumstances or dictate the extent of Federal or governmental unit participation in the financing of a particular program or project. The principles are designed to provide that Federal awards bear their fair share of cost recognized under these principles except where restricted or prohibited by law. Provision for profit or other increment above cost is outside the scope of this Circular.

2. Policy guides

a. The application of these principles is based on the fundamental premises that:

- (1) Governmental units are responsible for the efficient and effective administration of Federal awards through the application of sound management practices.
- (2) Governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.
- (3) Each governmental unit, in recognition of its own unique combination of staff, facilities, and experience, will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of Federal awards.

b. Federal agencies should work with States or localities which wish to test alternative mechanisms for paying costs for administering Federal programs. The Office of Management and Budget (OMB) encourages Federal agencies to test fee-for-service alternatives as a replacement for current cost-reimbursement payment methods in response to the National Performance Review's (NPR) recommendation. The NPR recommended the fee-for-service approach to reduce the burden associated with maintaining systems for charging administrative costs to Federal programs and preparing and approving cost allocation plans. This approach should also increase incentives for administrative efficiencies and improve outcomes.

3. Application.

a. These principles will be applied by all Federal agencies in determining costs incurred by governmental units under Federal awards (including sub-awards) except

those with (1) publicly-financed educational institutions subject to OMB Circular A-21, "Cost Principles for Educational Institutions," and (2) programs administered by publicly-owned hospitals and other providers of medical care that are subject to requirements promulgated by the sponsoring Federal agencies. However, this Circular does apply to all central service and department/agency costs that are allocated or billed to those educational institutions, hospitals, and other providers of medical care or services by other State and local government departments and agencies.

- b. All sub-awards are subject to those Federal cost principles applicable to the particular organization concerned. Thus, if a sub award is to a governmental unit (other than a college, university or hospital), this Circular shall apply; if a sub-award is to a commercial organization, the cost principles applicable to commercial organizations shall apply; if a sub-award is to a college or university, Circular A-2 1 shall apply; if a sub-ward is to a hospital, the cost principles used by the Federal awarding agency for awards to hospitals shall apply, subject to the provisions of subsection A-3 of this Attachment; if a sub-award is to some other non-profit organization, Circular A-122, "Cost Principles for Non-Profit Organizations," shall apply.
- c. These principles shall be used as a guide in the pricing of fixed price arrangements where costs are used in determining the appropriate price.
- d. Where a Federal contract awarded to a governmental unit incorporates a Cost Accounting Standards (CAS) clause, the requirements of that clause shall apply. In such cases, the governmental unit and the cognizant Federal agency shall establish an appropriate advance agreement on how the governmental unit will comply with applicable CAS requirements when estimating, accumulating and reporting costs under CAS-covered contracts. The agreement shall indicate that OMB Circular A-87 requirements will be applied to other Federal awards. In all cases, only one set of records needs to be maintained by the governmental unit.

B. Definitions

1. *"Approval or authorization of the awarding or cognizant Federal agency"* means documentation evidencing consent prior to incurring a specific cost. If such costs are specifically identified in a Federal award document, approval of the document constitutes approval of the costs. If the costs are covered by a State/local-wide cost allocation plan or an indirect cost proposal, approval of the plan constitutes the approval.
2. *"Award"* means grants, cost reimbursement contracts and other agreements between a State, local and Native American tribal government and the Federal Government.

3. *"Awarding agency"* means (a) with respect to a grant, cooperative agreement, or cost reimbursement contract, the Federal agency, and (b) with respect to a sub-award, the party that awarded the sub a.
4. *"Central service cost allocation plan"* means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a governmental unit on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.
5. *"Claim"* means a written demand or written assertion by the governmental unit or grantor seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of award terms, or other relief arising under or relating to the award. A voucher, invoice or other routine request for payment that is not a dispute when submitted is not a claim. Appeals, such as those filed by a governmental unit in response to questioned audit costs, are not considered claims until a final management decision is made by the Federal awarding agency.
6. *"Cognizant agency"* means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this Circular on behalf of all Federal agencies. OMB publishes a listing of Cognizant agencies.
7. *"Common Rule"* means the "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments; Final Rule" originally issued at 53 FR 8034-8103 (March 11, 1988). Other common rules will be referred to by their specific titles.
8. *"Contract"* means a mutually binding legal relationship obligating the seller to furnish the supplies or services (including construction) and the buyer to pay for them. It includes all types of commitments that obligate the government to an expenditure of appropriated funds and that, except as otherwise authorized, are in writing. In addition to bilateral instruments, contracts include (but are not limited to): awards and notices of awards; job orders or task orders issued under basic ordering agreements; letter contracts; orders, such as purchase orders, under which the contract becomes effective by written acceptance or performance; and, bilateral contract modifications. Contracts do not include grants and cooperative agreements covered by 31 U.S.C. 6301 et seq.
9. *"Cost"* means an amount as determined on cash, accrual or other basis acceptable to the Federal awarding or Cognizant agency. It does not include transfers to a general or similar fund.
10. *"Cost allocation plan"* means central service cost allocation plan, public assistance cost allocation plan, and indirect cost rate proposal. Each term is further defined in this section.
11. *"Cost objective"* means a function, an organizational subdivision, a contract, a grant or any other activity for which cost data is needed and for which costs are incurred.

12. *"Federally-recognized Native American tribal government"* means the governing body or a governmental agency of any Native American tribe, band, nation, or other organized group or community (including any native village as defined in Section 3 of the Alaska Native Claims Settlement Act, 85 Stat. 688) certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Native American Affairs.
13. *"Governmental unit"* means the entire State, local, or federally-recognized Native American tribal government, including any component thereof. Components of governmental units may function independently of the governmental unit in accordance with the term of the award.
14. *"Grantee department or agency"* means the component of a State, local, or federally-recognized Native American tribal government which is responsible for the performance or administration of all or some part of a Federal award.
15. *"Indirect cost rate proposal"* means the documentation prepared by a governmental unit or component thereof to substantiate its request for the establishment of an indirect cost rate as described in Attachment E of this Circular.
16. *"Local government"* means a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (whether or not incorporated as a non-profit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government.
17. *"Public assistance cost allocation plan"* means a narrative description of the procedures that will be used in identifying, measuring and allocating all administrative costs to all of the programs administered or supervised by State public assistance agencies as described in Attachment D of this Circular.
18. *"State"* means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments.

C. Basic Guidelines

1. *Factors affecting allowability of costs.* To be allowable under Federal awards, costs must meet the following criteria:
 - a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
 - b. Be allocable to Federal awards under the provisions of this Circular.
 - c. Be authorized or not prohibited under State and local laws or regulations.

- d. Conform to any limitations or exclusions set forth in these principles, Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items.
 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit.
 - f. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - g. Except as otherwise provided for in this Circular, be determined in accordance with generally accepted accounting principles.
 - h. Not be included as a cost or used to meet cost sharing or matching requirements of any other Federal award in either the current or a prior period, except as specifically provided by Federal law or regulation.
 - i. Be the net of all applicable credits.
 - j. Be adequately documented.
2. *Reasonable costs.* A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when governmental units or components are predominately federally-funded. In determining reasonableness of a given cost, consideration shall be given to:
- a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit or the performance of the Federal award.
 - b. The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; Federal, State and other laws and regulations; and, terms and conditions of the Federal award.
 - c. Market prices for comparable goods or services.
 - d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the governmental unit, its employees, the public at large, and the Federal Government.
 - e. Significant deviation from the established practices of the governmental unit which may unjustifiably increase the Federal award's cost.

3. *Allocable costs.*
 - a. A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received.
 - b. All activities which benefit from the governmental unit's indirect cost, including unallowable activities and services donated to the governmental unit by third parties, will receive an appropriate allocation of indirect costs.
 - c. Any cost allocable to a particular Federal award or cost objective under the principles provided for in this Circular may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons. However, this prohibition would not preclude governmental units from shifting costs that are allowable under two or more awards in accordance with existing program agreements.
 - d. Where an accumulation of indirect costs will ultimately result in charges to a Federal award, a cost allocation plan will be required as described in Attachments C, D, and E.
4. *Applicable credits.*
 - a. Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to Federal awards as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the governmental unit relate to allowable costs, they shall be credited to the Federal award either as a cost reduction or cash refund, as appropriate.
 - b. In some instances, the amounts received from the Federal Government to finance activities or service operations of the governmental unit should be treated as applicable credits. Specifically, the concept of netting such credit items (including any amounts used to meet cost sharing or matching requirements) should be recognized in determining the rates or amounts to be charged to Federal awards. (See Attachment B. item 15, "Depreciation and use allowances," for areas of potential application in the matter of Federal financing of activities.)

D. Composition of Cost

1. *Total cost.* The total cost of Federal awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits.

2. *Classification of costs.* There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the Federal award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost. Guidelines for determining direct and indirect costs charged to Federal awards are provided in the sections that follow.

E. Direct Costs

1. *General.* Direct costs are those that can be identified specifically with a particular final cost objective.
2. *Application.* Typical direct costs chargeable to Federal awards are:
 - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
 - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
 - c. Equipment and other approved capital expenditures.
 - d. Travel expenses incurred specifically to carry out the award.
3. *Minor items.* Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.

F. Indirect Costs

1. *General.* Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefited cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.
2. *Cost allocation plans and indirect cost proposals.* Requirements for development and submission of cost allocation plans and indirect cost rate proposals are contained in Attachments C, D, and E.

3. *Limitation on indirect or administrative costs.*
 - a. In addition to restrictions contained in this Circular, there may be laws that further limit the amount of administrative or indirect cost allowed.
 - b. Amounts not recoverable as indirect costs or administrative costs under one Federal award may not be shifted to another Federal award, unless specifically authorized by Federal legislation or regulation.

G. Interagency Services.

The cost of services provided by one agency to another within the governmental unit may include allowable direct costs of the service plus a pro rate share of indirect costs. A standard indirect cost allowance equal to ten percent of the direct salary and wage cost of providing the service (excluding overtime, shift premiums, and fringe benefits) may be used in lieu of determining the actual indirect costs of the service. These services do not include centralized services included in central service cost allocation plans as described in Attachment C.

H. Required Certifications.

Each cost allocation plan or indirect cost rate proposal required by Attachments C and E must comply with the following:

1. No proposal to establish a cost allocation plan or an indirect cost rate, whether submitted to a Federal cognizant agency or maintained on file by the governmental unit, shall be acceptable unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in Attachments C and E. The certificate must be signed on behalf of the governmental unit by an individual at a level no lower than chief financial officer of the governmental unit that submits the proposal or component covered by the proposal.
2. No cost allocation plan or indirect cost rate shall be approved by the Federal Government unless the plan or rate proposal has been certified. Where it is necessary to establish a cost allocation plan or an indirect cost rate and the governmental unit has not submitted a certified proposal for establishing such a plan or rate in accordance with the requirements, the Federal Government may either disallow all indirect costs or unilaterally establish such a plan or rate. Such a plan or rate may be based upon audited historical data or such other data that have been furnished to the cognizant Federal agency and for which it can be demonstrated that all unallowable costs have been excluded. When a cost allocation plan or indirect cost rate is unilaterally established by the Federal Government because of failure of the governmental unit to submit a certified proposal, the plan or rate established will be set to ensure that potentially unallowable costs will not be reimbursed.

**Circular No. A-87
Attachment B**

SELECTED ITEMS OF COST

TABLE OF CONTENTS

- 1. Accounting**
- 2. Advertising and public relations costs**
- 3. Advisory councils**
- 4. Alcoholic beverages**
- 5. Audit services**
- 6. Automatic electronic data processing**
- 7. Bad debts**
- 8. Bonding costs**
- 9. Budgeting**
- 10. Communications**
- 11. Compensation for personnel-services**
 - a. General**
 - b. Reasonableness**
 - c. Unallowable costs**
 - d. Fringe benefits**
 - e. Pension plan costs**
 - f. Post-retirement health benefits**
 - g. Severance Pay**
 - h. Support of salaries and wages**
 - i. Donated Services**
- 12. Contingencies**
- 13. Contributions and donations**
- 14. Defense and prosecution of criminal and civil proceedings, and claims**
- 15. Depreciation and use allowances**
- 16. Disbursing service**
- 17. Employee morale, health, and welfare costs**
- 18. Entertainment**
- 19. Equipment and other capital expenditures**
- 20. Fines and penalties**
- 21. Fund raising and investment management costs**
- 22. Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs.**
- 23. General government expenses**
- 24. Idle facilities and idle capacity**
- 25. Insurance and indemnification**
- 26. Interest**
- 27. Lobbying**
- 28. Maintenance, operations, and repairs**
- 29. Materials and supplies**
- 30. Memberships, subscriptions, and professional activities**

- 31. **Motor pools**
- 32. **Pre-award costs**
- 33. **Professional service costs**
- 34. **Proposal costs**
- 35. **Publication and printing costs**
- 36. **Rearrangements and alterations**
- 37. **Reconversion costs**
- 38. **Rental costs**
- 39. **Taxes**
- 40. **Training**
- 41. **Travel costs**
- 42. **Underrecovery of costs under Federal agreements**

Sections 1 through 42 provide principles to be applied to establishing the allowability or unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. A cost is allowable for Federal reimbursement only to the extent of benefits received by Federal awards and its conformance with the general policies and principles stated in Attachment A to this Circular. Failure to mention a particular item of cost in these sections is not intended to imply that it is either allowable or unallowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

1. **Accounting** The cost of establishing and maintaining accounting and other information systems is allowable.
2. **Advertising and public relations costs.**
 - a. The term "advertising costs" means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.
 - b. The term "public relations" includes community relations and means those activities dedicated to maintaining the image of the governmental unit or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.
 - c. Advertising costs are allowable only when incurred for the recruitment of personnel, the procurement of goods and services, the disposal of surplus materials, and any other specific purposes necessary to meet the requirements of the Federal award. Advertising costs associated with the disposal of surplus materials are not allowable where all disposal costs are reimbursed based on a standard rate as specified in the grants management common rule.
 - d. Public relations costs are allowable when:
 - (1) Specifically required by the Federal award and then only as a direct cost;
 - (2) Incurred to communicate with the public and press pertaining to specific activities or accomplishments that result from performance of the Federal award and then only as a direct cost; or
 - (3) Necessary to conduct general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of Federal contract/grant awards, financial matters, etc.
 - e. Unallowable advertising and public relations costs include the following:
 - (1) All advertising and public relations cost other than specified in subsections c. and d.

- (2) Except as otherwise permitted by these cost principles, costs of conventions, meetings, or other events related to other activities of the governmental unit including:
 - (a) Costs of displays, demonstrations, and exhibits;
 - (b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and
 - (c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;
 - (3) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;
 - (4) Costs of advertising and public relations designed solely to promote the governmental unit.
3. **Advisory councils** Costs incurred by advisory councils or committees are allowable as a direct cost where authorized by the Federal awarding agency or as an indirect cost where allocable to Federal awards.
4. **Alcoholic beverages** Costs of alcoholic beverages are unallowable.
5. **Audit services** The costs of audits are allowable provided that the audits were performed in accordance with the Single Audit Act, as implemented by Circular A-128, "Audits of State and Local Governments." Generally, the percentage of costs charged to Federal awards for a single audit shall not exceed the percentage derived by dividing Federal funds expended by total funds expended by the recipient or subrecipient (including program matching funds) during the fiscal year. The percentage may be exceeded only if appropriate documentation demonstrates higher actual costs.

Other audit costs are allowable if specifically approved by the awarding or cognizant agency as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.
6. **Automatic electronic data processing** The cost of data processing services is allowable (but see section 19, Equipment and other capital expenditures).
7. **Bad debts** Any losses arising from uncollectible accounts and other claims, and related costs, are unallowable unless provided for in Federal program award regulations.
8. **Bonding costs** Costs of bonding employees and officials are allowable to the extent that such bonding is in accordance with sound business practice.
9. **Budgeting** Costs incurred for the development, preparation, presentation, and execution of budgets are allowable.
10. **Communications** Costs of telephones mail, messenger, and similar communication services are allowable.

11. Compensation for personnel services

- a. General. Compensation for personnel services includes all remuneration, paid currently or accrued, for services rendered during the period of performance under Federal awards, including but not necessarily limited to wages, salaries and fringe benefits. The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this Circular and that the total compensation for individual employees:
 - (1) Are reasonable for the services rendered and conforms to the established policy of the governmental unit consistently applied to both Federal and non-Federal activities
 - (2) Follows an appointment made in accordance with a governmental unit's laws and rules and meets merit system or other requirements required by Federal law, where applicable
 - (3) Is determined and supported as provided in subsection h.
- b. Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable to the extent that it is consistent with that paid for similar work in other activities of the governmental unit. In cases where the kinds of employees required for Federal awards are not found in the other activities of the governmental unit, compensation will be considered reasonable to the extent that it is comparable to that paid for similar work in the labor market in which the employing government competes for the kind of employees involved. Compensation surveys providing data representative of the labor market involved will be an acceptable basis for evaluating reasonableness.
- c. Unallowable costs. Costs which are unallowable under the sections of these principles shall not be allowable under this section solely on the basis that they constitute personnel compensation.
- d. Fringe benefits.
 - (1) Fringe benefits are allowances and services provided by employers to their employees as compensation in addition to regular salaries and wages. Fringe-benefits include, but are not limited to, the costs of leave, employee insurance, pensions, and unemployment benefit plans. Except as provided elsewhere in these principles, the costs of fringe benefits are allowable to the extent that the benefits are reasonable and are required by law, governmental unit-employee agreement, or an established policy of the governmental unit.
 - (2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as for annual leave, sick leave, holidays, court leave, military leave, and other similar benefits, are allowable if: (a) they are provided under established written leave policies; (b) the costs are equitably allocated to all related activities, including Federal awards; and, (c) the accounting basis (cash or accrual) selected for costing each type of leave is consistently followed by the governmental unit.

- (3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period that the leave is taken and paid for. Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are allocated as a general administrative expense to all activities of the governmental unit or component.
 - (4) The accrual basis may be only used for those types of leave for which a liability as defined by Generally Accepted Accounting Principles (GAAP) exists when the leave is earned. When a governmental unit uses the accrual basis of accounting, in accordance with GAAP, allowable leave costs are the lesser of the amount accrued or funded.
 - (5) The cost of fringe benefits in the form of employer contributions or expenses for social security; employee life, health, unemployment, and worker's compensation insurance (except as indicated in section 25, Insurance and indemnification); pension plan costs (see subsection e.); and other similar benefits are allowable, provided such benefits are granted under established written policies. Such benefits, whether treated as indirect costs or as direct costs, shall be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities.
- e. Pension plan costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the governmental unit.
- (1) For pension plans financed on a pay-as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.
 - (2) Pension costs calculated using an actuarial cost-based method recognized by GAAP are allowable for a given fiscal year if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period agreed to by the Cognizant agency) are allowable in the year funded. The Cognizant agency may agree to an extension of the six month period if an appropriate adjustment *IS* made to compensate for the timing of the charges to the Federal Government and related Federal reimbursement and the governmental unit's contribution to the pension fund. Adjustments may be made by cash refund or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the pension fund.
 - (3) Amounts funded by the governmental unit in excess of the actuarially determined amount for a fiscal year may be used as the governmental unit's contribution in future periods.
 - (4) When a governmental unit converts to an acceptable actuarial cost method, as defined by GAAP, and funds pension costs in accordance with this method, the unfunded liability at the time of conversion shall be allowable if amortized over a period of years in accordance with GAAP.

- (5) The Federal Government shall receive an equitable share **of any previously** allowed pension costs (including earnings thereon) which revert or inure to the governmental unit in the form of a refund, withdrawal, or other credit.
- f. Post-retirement health benefits. Post-retirement health benefits (PRHB) refers to costs of health insurance or health services not included in a pension plan covered by subsection e. for retirees and their spouses, dependents, and survivors. PRHB costs may be computed using a pay-as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the governmental unit.
- (1) For PRHB financed on a pay as-you-go method, allowable costs will be limited to those representing actual payments to retirees or their beneficiaries.
 - (2) PRHB costs calculated using an actuarial cost method recognized by GAAP is allowable if they are funded for that year within six months after the end of that year. Costs funded after the six month period (or a later period agreed to by the Cognizant agency) are allowable in the year funded. The Cognizant agency may agree to an extension of the six month period if an appropriate adjustment is made to compensate for the timing of the charges to the Federal Government and related Federal reimbursements and the governmental unit's contributions to the PRHB fund. Adjustments may be made by cash refund, reduction in current year's PRHB costs, or other equitable procedures to compensate the Federal Government for the time value of Federal reimbursements in excess of contributions to the PRHB fund.
 - (3) Amounts funded in excess of the actuarially determined amount for a fiscal year may be used as the government's contribution in a future period.
 - (4) When a governmental unit converts to an acceptable actuarial cost method and funds PRHB costs in accordance with this method, the initial unfunded liability attributable to prior years shall be allowable if amortized over a period of years in accordance with GAAP, or, if no such GAAP period exists, over a period negotiated with the Cognizant agency.
 - (5) To be allowable in the current year, the PRHB costs must be paid either to:
 - (a) An insurer or other benefit provider as current year costs or premiums or
 - (b) An insurer or trustee to maintain a trust fund or reserve for the sole purpose of providing post-retirement benefits to retirees and other beneficiaries.
 - (6) The Federal Government shall receive an equitable share of any amounts of previously allowed post-retirement benefit costs (including earnings thereon) which revert or inure to the governmental unit in the form of a refund, withdrawal, or other credit.

- g. Severance pay
- (1) Payments in addition to regular salaries and wages made to workers whose employment is being terminated are allowable to the extent that, in each case, they are required by (a) law, (b) employer-employee agreement, or (c) established written policy.
 - (2) Severance payments (but not accruals) associated with normal turnover are allowable. Such payments shall be allocated to all activities of the governmental unit as an indirect cost.
 - (3) Abnormal or mass severance pay will be considered on a case-by-case basis and is allowable only if approved by a Federal agency that is cognizant of the law.
- h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.
- (1) Charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official(s) of the governmental unit.
 - (2) No further documentation is required for the salaries and wages of employees who work in a single indirect cost activity.
 - (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.
 - (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection
 - (5) Unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:
 - (a) More than one Federal award
 - (b) A Federal award and a non-Federal award
 - (c) An indirect cost activity and a direct cost activity

- (d) Two or more indirect activities which are allocated using different allocation bases
 - (e) An unallowable activity and a direct or indirect cost activity
- (6) Personnel activity reports or equivalent documentation must meet the following standards:
- (a) They must reflect an after-the-fact distribution of the actual activity of each employee
 - (b) They must account for the total activity, for which each employee is compensated
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods
 - (d) They must be signed by the employee
 - (e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that:
 - (i) The governmental unit's system for establishing the estimates produces reasonable approximation of the activity actually performed
 - (ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charges to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent
 - (iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances
- (7) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the Cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.
- (a) Substitute systems which use sampling methods (primarily for Aid to Families with Dependent Children (AFDC), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

- (i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection
 - (ii) The entire time period involved must be covered by the sample
 - (iii) The results must be statistically valid and applied to the period being sampled
 - (b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.
 - (c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.
- (8) Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.
- i. Donated services
 - (1) Donated or volunteer services may be furnished to a governmental unit by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost. However, the value of donated services may be used to meet cost sharing or matching requirements in accordance with the provisions of the Common Rule.
 - (2) The value of donated services utilized in the performance of a direct cost activity shall, when material in amount, be considered in the determination of the governmental unit's indirect costs or rate(s) and, accordingly, shall be allocated a proportionate share of applicable indirect costs.
 - (3) To the extent feasible, donated services will be supported by the same methods used by the governmental unit to support the allocability of regular personnel services.
- 12. **Contingencies** Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, or intensity, or with an assurance of their happening, are unallowable. The term "contingency reserve" excludes self-insurance reserves (see subsection 2~.c), pension plan reserves (see subsection 11.e.), and post-retirement health and other benefit reserves (see subsection 11.f.) computed using acceptable actuarial cost methods.
- 13. **Contributions and donations** Contributions and donations, including cash, property, and services, by governmental units to others, regardless of the recipient, are unallowable.

14. Defense and prosecution of criminal and civil proceedings and claims

- a. The following costs are unallowable for contracts covered by 10 U.S.C. 2324(k), "Allowable costs under defense contracts."
 - (1) Costs incurred in defense of any civil or criminal fraud proceeding or similar proceeding (including filing of false certification brought by the United States where the contractor is found liable or has pleaded nolo contendere to a charge of fraud or similar proceeding (including filing of a false certification).
 - (2) Costs incurred by a contractor in connection with any criminal, civil or administrative proceedings commenced by the United States or a State to the extent provided in 10 U.S.C. 2324(k).
- b. Legal expenses required in the administration of Federal programs are allowable. Legal expenses for prosecution of claims against the Federal Government are unallowable.

15. Depreciation and use allowances

- a. Depreciation and use allowances are means of allocating the cost of fixed assets to periods benefiting from asset use. Compensation for the use of fixed assets on hand may be made through depreciation or use allowances. A combination of the two methods may not be used in connection with a single class of fixed assets (e.g., buildings, office equipment, computer equipment, etc.) except as provided in subsection g. Except for enterprise funds and internal service funds that are included as part of a State/local cost allocation plan, classes of assets shall be determined on the same basis used for the government-wide financial statements.
- b. The computation of depreciation or use allowances shall be based on the acquisition cost of the assets involved. Where actual cost records have not been maintained a reasonable estimate of the original acquisition cost may be used. The value of an asset donated to the governmental unit by an unrelated third party shall be its fair market value at the time of donation. Governmental or quasi-governmental organizations located within the same State shall not be considered unrelated third parties for this purpose.
- c. The computation of depreciation or use allowances will exclude:
 - (1) The cost of land
 - (2) Any portion of the cost of buildings and equipment borne by or donated by the Federal Government irrespective of where title was originally vested or where it presently resides
 - (3) Any portion of the cost of buildings and equipment contributed by or for the governmental unit, or a related donor organization, in satisfaction of a matching requirement

- d. Where the use allowance method is followed, the use allowance for buildings and improvements (including land improvements, such as paved parking areas, fences, and sidewalks) will be computed at an annual rate not exceeding two percent of acquisition costs. The use allowance for equipment will be computed at an annual rate not exceeding $6 \frac{2}{3}$ percent of acquisition cost. When the use allowance method is used for buildings, the entire building must be treated as a single asset; the building's components (e.g., plumbing system, heating and air condition, etc.) cannot be segregated from the building's shell. The two percent limitation, however, need not be applied to equipment which is merely attached or fastened to the building but not permanently fixed to it and which is used as furnishings or decorations or for specialized purposes (e.g., dentist chairs and dental treatment units, counters, laboratory benches bolted to the floor, dishwashers, modular furniture, carpeting, etc.). Such equipment will be considered as not being permanently fixed to the building if it can be removed without the destruction of, or need for costly or extensive alterations or repairs, to the building or the equipment. Equipment that meets these criteria will be subject to the $6 \frac{2}{3}$ percent equipment use allowance limitation.
- e. Where the depreciation method is followed, the period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment used, historical usage patterns technological developments, and the renewal and replacement policies of the governmental unit followed for the individual items or classes of assets involved. In the absence of clear evidence indicating that the expected consumption of the asset will be significantly greater in the early portions than in the later portions of its useful life, the straight line method of depreciation shall be used. Depreciation methods once used shall not be changed unless approved by the Federal cognizant or awarding agency. When the depreciation method is introduced for application to an asset previously subject to a use allowance, the annual depreciation charge thereon may not exceed the amount that would have resulted had the depreciation method been in effect from the date of acquisition of the asset. The combination of use allowances and depreciation applicable to the asset shall not exceed the total acquisition cost of the asset or fair market value at time of donation.
- f. When the depreciation method is used for buildings, a building's shell may be segregated from the major component of the building (e.g., plumbing system, heating, and air conditioning system, etc.) and each major component depreciated over its estimated useful life, or the entire building (i.e., the shell and all components) may be treated as a single asset and depreciated over a single useful life.
- g. A reasonable use allowance may be negotiated for any assets that are considered to be fully depreciated, after taking into consideration the amount of depreciation - previously charged to the government, the estimated useful life remaining at the time of negotiation, the effect of any increased maintenance charges, decreased efficiency due to age, and any other factors pertinent to the utilization of the asset for the purpose contemplated.

- h. Charges for use allowances or depreciation must be supported by adequate property records. Physical inventories must be taken at least once every two years (a statistical sampling approach is acceptable) to ensure that assets exist and are in use. Governmental units will manage equipment in accordance with State laws and procedures. When the depreciation method is followed, depreciation records indicating the amount of depreciation taken each period must also be maintained.
16. **Disbursing service** The cost of disbursing funds by the Treasurer or other designated officer is allowable.
17. **Employee morale, health and welfare costs** The costs of health or first-aid clinics and/or infirmaries, recreational facilities, employee counseling services, employee information publications, and any related expenses incurred in accordance with a governmental unit's policy are allowable. Income generated from any of these activities will be offset against expenses.
18. **Entertainment** Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.
19. **Equipment and other capital expenditures**
- a. As used in this section the following terms have the meaning as set forth below:
- (1) "Capital expenditure" means the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is acquired. Ancillary charges, such as taxes, duties, protective in transit insurance, freight, and installation may be included in, or excluded from, capital expenditure cost in accordance with the governmental unit's regular accounting practices.
 - (2) "Equipment" means an article of non-expendable, tangible personal property having a useful life of more than one year and an acquisition cost which equals the lesser of (a) the capitalization level established by the governmental unit for financial statement purposes, or (b) \$5000. This includes hardware and software.
 - (3) "Other capital assets" mean buildings, land, and improvements to buildings or land that materially increase their value or useful life.
- b. Capital expenditures which are not charged directly to a Federal award may be recovered through use allowances or depreciation on buildings, capital improvements, and equipment (see section 15.) See also section 38 for allowability of rental costs for buildings and equipment.

- c. Capital expenditures for equipment, including replacement equipment, other capital assets, and improvements which materially increase the value of useful life of equipment or other capital assets are allowable as a direct cost when approved by the awarding agency. Federal awarding agencies are authorized at their option to waive or delegate this approval requirement.
 - d. Items of equipment with an acquisition cost of \$5000 or less are considered to be supplies and are allowable as direct costs of Federal awards without specific awarding agency approval. (Please refer to Section III-B for State requirements regarding County direct charging instructions.)
 - e. The unamortized portion of any equipment written off as a result of a change in capitalization levels may be recovered by (1) continuing to claim the otherwise allowable use allowances or depreciation charges on the equipment or by (2) amortizing the amount to be written off over a period of years negotiated with the cognizant agency.
 - f. When replacing equipment purchased in whole or in part with Federal funds, the governmental unit may use the equipment to be replaced as a trade-in or sell the property and use the proceeds to offset the cost of the replacement property.
20. **Fines and penalties** Fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the governmental unit to comply with, Federal, State, local, or Native American tribal laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the Federal award or written instructions by the awarding agency authorizing in advance such payments.
21. **Fund raising and investment management costs**
- a. Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.
 - b. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are unallowable. However, such costs associated with investments covering pension, self-insurance, or other funds which include Federal participation allowed by this Circular are allowable.
 - c. Fund raising and investment activities shall be allocated an appropriate share of indirect costs under the conditions described in subsection C.3.b. of Attachment A.
22. **Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of Federal programs.**

- a. Disposition
 - (1) Gains and losses on the sale, retirement, or other disposition of depreciable property shall be included in the year in which they occur as credits or charges to the asset cost grouping(s) in which the property was included. The amount of the gain or loss to be included as a credit or charge to the appropriate asset cost grouping(s) shall be the difference between the amounts realized on the property and the undepreciated basis of the property.
 - (2) Gains and losses on the disposition of depreciable property shall not be recognized as a separate credit or charge under the following conditions:
 - (a) The gain or loss is processed through a depreciation account and is reflected in the depreciation allowable under sections 15 and 19.
 - (b) The property is given in exchange as part of the purchase price of a similar item and the gain or loss is taken into account in determining the depreciation cost basis of the new item.
 - (c) A loss results from the failure to maintain permissible insurance, except as otherwise provided in subsection 25.d.
 - (d) Compensation for the use of the property was provided through use allowances in lieu of depreciation.
- b. Substantial relocation of Federal awards from a facility where the Federal Government participated in the financing to another facility prior to the expiration of the useful life of the financed facility requires Federal agency approval. The extent of the relocation, the amount of the Federal participation in the financing, and the depreciation charged to date may require negotiation of space charges for Federal awards.
- c. Gains or losses of any nature arising from the sale or exchange of property other than the property covered in subsection a., e.g., land or included in the fair market value used in any adjustment resulting from a relocation of Federal awards covered in subsection b. shall be excluded in computing Federal award costs.

23. General government expenses

- a. The general costs of government are unallowable (except as provided in section 41). These include:
 - (1) Salaries and expenses of the Office of the Governor of a State or the chief executive of a political subdivision or the chief executives of federally-recognized Native American tribal governments

- (2) Salaries and other expenses of State legislatures, tribal councils, or similar local governmental bodies, such as county supervisors, city councils, school boards, etc. whether incurred for purposes of legislation or executive direction
 - (3) Cost of the judiciary branch of a government
 - (4) Cost of prosecutorial activities unless treated as a direct cost to a specific program when authorized by program regulations (however, this does not preclude the allowability of other legal activities of the Attorney General)
 - (5) Other general types of government services normally provided to the general public, such as fire and police, unless provided for as a direct cost in program regulations
- b. For federally-recognized Native American tribal governments and Councils of Governments (COGs), the portion of salaries and expenses directly attributable to managing and operating Federal programs by the chief executive and his staff is allowable.

24. **Idle facilities and idle capacity**

- a. As used in this section the following terms have the meanings set forth below:
- (1) "Facilities" means land and buildings or any portion thereof, equipment individually or collectively, or any other tangible capital asset, wherever located, and whether owned or leased by the governmental unit.
 - (2) "Idle facilities" means completely unused facilities that are excess to the governmental unit's current needs.
 - (3) "Idle capacity" means the unused capacity of partially used facilities. It is the difference between (a) that which a facility could achieve under 100 percent operating time on a one-shift basis less operating interruptions resulting from time lost for repairs, setups, unsatisfactory materials, and other normal delays and (b) the extent to which the facility was actually used to meet demands during the accounting period. A multi-shift basis should be used if-it can be shown that this amount of usage would normally be expected for the type of facility involved.
 - (4) "Cost of idle facilities or idle capacity" means costs such as maintenance, repair, housing, rent, and other related costs, e.g., insurance, interest, and depreciation or use allowances.
- b. The costs of idle facilities are unallowable except to the extent that
- (1) They are necessary *to* meet fluctuations in workload
 - (2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes which could not have been reasonably foreseen. Under the exception stated in this subsection, costs of idle facilities are allowable for a reasonable period of time,

ordinarily not to exceed one year, depending on the initiative taken to use, lease, or dispose of such facilities.

- c. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by use on other Federal awards, subletting, renting, or sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

25. **Insurance and indemnification**

- a. Costs of insurance required or approved and maintained, pursuant to the Federal award, are allowable.
- b. Costs of other insurance in connection with the general conduct of activities are allowable subject to the following limitations:
 - (1) Types and extent and cost of coverage are in accordance with the governmental unit's policy and sound business practice.
 - (2) Costs of insurance or of contributions to any reserve covering the risk of loss of, or damage to, Federal Government property are unallowable except to the extent that the awarding agency has specifically required or approved such costs
- c. Actual losses which could have been covered by permissible insurance (through a self-insurance program or otherwise) are unallowable, unless expressly provided for in the Federal award or as described below. However, the Federal Government will participate in actual losses of a self insurance fund that are in excess of reserves. Costs incurred because of losses not covered under nominal deductible insurance coverage provided in keeping with sound management practice, and minor losses not covered by insurance, such as spoilage, breakage, and disappearance of small hand tools, which occur in the ordinary course of operations, are allowable.
- d. Contributions to a reserve for certain self-insurance programs including workers compensation, unemployment compensation, and severance pay are allowable subject to the following provisions:
 - (1) The type of coverage and the extent of coverage and the rates and premiums would have been allowed had insurance (including reinsurance) been purchased to cover the risks. However, provision for known or reasonably estimated self-insured liabilities, which do not become payable for more than one year after the provision is made, shall not exceed the discounted present value of the liability. The rate used for discounting the liability must be determined by giving consideration to such

- factors as the governmental unit's settlement rate for those liabilities and its investment rate of return
- (2) Earnings or investment income on reserves must be credited to those reserves.
 - (3) Contributions to reserves must be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biennially for each major risk being insured and take into account any reinsurance, coinsurance, etc. Reserve levels related to employee related coverages will normally be limited to the value of claims (a) submitted and adjudicated but not paid, b) submitted but not adjudicated, and (c) incurred but not submitted. Reserve levels in excess of the amounts based on the above must be identified and justified in the cost allocation plan or indirect cost rate proposal.
 - (4) Accounting records, actuarial studies, and cost allocations (or billings) must recognize any significant differences due to types of insured risk and losses generated by the various insured activities or agencies of the governmental unit. If individual departments or agencies of the governmental unit experience significantly different levels of claims for a particular risk, those differences are to be recognized by the use of separate allocations or other techniques resulting in an equitable allocation.
 - (5) Whenever funds are transferred from a self-insurance reserve to other accounts (e.g., general fund), refunds shall be made to the Federal Government for its share of funds transferred, including earned or imputed interest from the date of transfer.
- e. Actual claims paid to or on behalf of employees or former employees for workers' compensation, unemployment compensation, severance pay, and similar employee benefits (e.g., subsection 11.f. for post retirement health benefits), are allowable in the year of payment provided (1) the governmental unit follows a consistent costing policy and (2) they are allocated as a general administrative expense to all activities of the governmental unit.
 - f. Insurance refunds shall be credited against insurance costs in the year the refund is received.
 - g. Indemnification includes securing the governmental unit against liabilities to third persons and other losses not compensated by insurance or otherwise. The Federal Government is obligated to indemnify the governmental unit only to the extent expressly provided for in the Federal award, except as provided in subsection d.
 - h. Costs of commercial insurance that protects against the costs of the contractor for correction of the contractor's own defects in materials or workmanship are unallowable.

26. Interest

- a. Costs incurred for interest on borrowed capital or the use of a governmental unit's own funds however represented are unallowable except as specifically provided in subsection b. or authorized by Federal legislation.

- b. Financing costs (including interest) paid or incurred on or after the effective date of this Circular associated with the otherwise allowable costs of building acquisition, construction, or fabrication, reconstruction or remodeling completed on or after October 1, 1980 is allowable, subject to the conditions in (1)-(4). Financing costs (including interest) paid or incurred on or after the effective date of this Circular associated with otherwise allowable costs of equipment is allowable, subject to the conditions in (1)-(4).
 - (1) The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the governmental unit
 - (2) The assets are used in support of Federal awards
 - (3) Earnings on debt service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate. Earnings subject to being reported to the Federal Internal Revenue Service under arbitrage requirements are excludable
 - (4) Governmental units will negotiate the amount of allowable interest whenever cash payments (interest, depreciation, use allowances, and contributions) exceed the governmental unit's cash payments and other contributions attributable to that portion of real property used for Federal awards.

27. Lobbying The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost. Lobbying with respect to certain grants, contracts, cooperative agreements, and loans shall be governed by the common rule, "New Restrictions on Lobbying" published at 55 FR 6736 (February 26, 1990), including definitions, and the Office of Management and Budget "Government-wide Guidance for New Restrictions on Lobbying" and notices published at 54 FR 52306 (December 20, 1989), 55 FR 24540 (June 15 1990), and 57 FR 1772 (January 15, 1992), respectively.

28. Maintenance, operations and repairs Unless prohibited by law, the cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, necessary maintenance, normal repairs and alterations, and the like are allowable to the extent that they: (1) keep property (including Federal property, unless otherwise provided for) in an efficient operating condition, (2) do not add to the permanent value of property or appreciably prolong its intended life, and (3) are not otherwise included in rental or other charges for space. Costs which add to the permanent value of property or appreciably prolong its intended life shall be treated as capital expenditures (see sections 15 and 19).

29. **Materials and supplies** The cost of materials and supplies is allowable. Purchases should be charged at their actual prices after deducting all cash discounts, trade discounts, rebates, and allowances received. Withdrawals from general stores or stockrooms should be charged at cost under any recognized method of pricing, consistently applied. Incoming transportation charges are a proper part of materials and supply costs.
30. **Memberships, subscriptions and professional activities**
- a. Costs of the governmental unit's memberships in business, technical, and professional organizations are allowable.
 - b. Costs of the governmental unit's subscriptions to business, professional, and technical periodicals are allowable.
 - c. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including meals, transportation, rental of meeting facilities, and other incidental costs are allowable.
 - d. Costs of membership in civic and community, social organizations are allowable as a direct cost with the approval of the Federal awarding agency.
 - e. Costs of membership in organizations substantially engaged in lobbying are unallowable.
31. **Motor pools** The costs of a service organization which provides automobiles to user governmental units at a mileage or fixed rate and/or provides vehicle maintenance, inspection, and repair services are allowable.
32. **Pre-award costs** Pre-award costs are those incurred prior to the effective date of the award directly pursuant to the negotiation and in anticipation of the award where such costs are necessary to comply with the proposed delivery schedule or period of performance. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with the written approval of the awarding agency.
33. **Professional service costs**
- a. Cost of professional and consultant services rendered by persons or organizations that are members of a particular profession or possess a special skill, whether or not officers or employees of the governmental unit, are allowable, subject to section 14 when reasonable in relation to the services rendered and when not contingent upon recovery of the costs from the Federal Government.
 - b. Retainer fees supported by evidence of bona fide services available or rendered are allowable.
34. **Proposal costs** Costs of preparing proposals for potential Federal awards are allowable. Proposal costs should normally be treated as indirect costs and should be allocated to all activities of the governmental unit utilizing the cost allocation plan and indirect cost rate proposal. However, proposal costs may be charged directly to Federal awards with the prior approval of the Federal awarding agency.

Publication and printing costs Publication costs, including the costs of printing (including the processes of composition, plate-making, press work, and binding, and the end products produced by such processes), distribution, promotion, mailing, and general handling are allowable.

Rearrangements and alterations Costs incurred for ordinary and normal rearrangement and alteration of facilities are allowable. Special arrangements and alterations costs incurred specifically for a Federal award are allowable with the prior approval of the Federal awarding agency.

Reconversion costs Costs incurred in the restoration or rehabilitation of the governmental unit's facilities to approximately the same condition existing immediately prior to commencement of Federal awards, less costs related to normal wear and tear, are allowable.

Rental costs

- a. Subject to the limitations described in subsections b. through d. of this section, rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the area; alternatives available; and, the type, life expectancy, condition, and value of the property leased.
- b. Rental costs under sale and leaseback arrangements are allowable only up to the amount that would be allowed had the governmental unit continued to own the - property.
- c. Rental costs under less-than-arms-length leases are allowable only up to the amount that would be allowed had title to the property vested in the governmental unit. For this purpose, less-than-arms-length leases include, but are not limited to, those where:
 - (1) One party to the lease is able to control or substantially influence the actions of the other
 - (2) Both parties are parts of the same governmental unit
 - (3) The governmental unit creates an authority or similar entity to acquire and lease the facilities to the governmental unit and other parties.
- d. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount that would be allowed had the governmental unit purchased the property on the date the lease agreement was executed. This amount would include expenses such as depreciation or use allowance, maintenance, and insurance. The provisions of Financial Accounting Standards Board Statement 13 shall be used to determine whether a lease is a capital lease. Interest costs related to capital leases are allowable to the extent they meet the criteria in section 26.

39. Taxes

- a. Taxes that a governmental unit is legally required to pay are allowable, except for self-assessed taxes that disproportionately affect Federal programs or changes in tax policies that

disproportionately affect Federal programs. This provision becomes effective for taxes paid during the governmental unit's first fiscal year that begins on or after January 1, 1998, and applies thereafter.

- b. Gasoline taxes, motor vehicle fees, and other taxes that are in effect user fees for benefits provided to the Federal Government are allowable.
- c. This provision does not restrict the authority of Federal agencies to identify taxes where Federal participation is inappropriate. Where the identification of the amount of unallowable taxes would require an inordinate amount of effort, the cognizant agency may accept a reasonable approximation thereof.

40. **Training** The cost of training provided for employee development is allowable.

41. **Travel costs**

- a. *General-* Travel costs are allowable for expenses for transportation, lodging, subsistence, and related items incurred by employees traveling on official business. Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in non-federally-sponsored activities. Notwithstanding the provisions of section 23, travel costs of officials covered by that section, when specifically related to Federal awards, are allowable with the prior approval of a grantor agency.
- b. *Lodging and subsistence-* Costs incurred by employees and officers for travel, including costs of lodging, other subsistence, and incidental expenses, shall be considered reasonable and allowable only to the extent such costs do not exceed charges normally allowed by the governmental unit in its regular operations as a result of the governmental unit's policy. In the absence of a written governmental unit policy regarding travel costs, the rates and amounts established under subchapter I of Chapter 57 of Title 5, United States Code "Travel and Subsistence Expenses; Mileage Allowances", or by the Administrator of General Services, or the President (or his designee) pursuant to any provisions of such subchapter shall be used as guidance for travel under Federal awards (41 U.S.C. 420, "Travel Expenses of Government Contractors").
- c. *Commercial air travel-* Airfare costs in excess of the customary standard (coach or equivalent) airfare are unallowable except when such accommodations would: require circuitous routing, require travel during unreasonable hours, excessively prolong travel, greatly increase the duration of the flight, result in increased cost that would offset transportation savings, or offer accommodations not reasonably adequate for the medical needs of the traveler. Where a governmental unit can reasonably demonstrate to the awarding agency either the nonavailability of customary standard airfare or Federal Government contract airfare for individual trips or, on an overall basis, that it is the governmental unit's practice to make routine use of such airfare, specific determinations of nonavailability will generally not be questioned by the Federal Government, unless a pattern

of avoidance is detected. However, in order for airfare costs in excess of the customary standard commercial airfare to be allowable, e.g., use of first-class airfare, the governmental unit must justify and document on a case-by-case basis the applicable condition(s) set forth above.

- d. *Air travel by other than commercial carrier*- Cost of travel by governmental unit owned, leased, or chartered aircraft, as used in this section, includes the cost of lease, charter, operation (including personnel costs), maintenance, depreciation, interest, insurance, and other related costs. Costs of travel via governmental unit-owned, leased, or chartered aircraft are unallowable to the extent they exceed the cost of allowable commercial air travel, as provided for in Subsection C.

42. **Under recovery of costs under Federal agreements- Any excess costs over the Federal contribution under one award agreement are unallowable under other award agreements.**

Circular No. A-87
Attachment C

STATE/LOCAL-WIDE CENTRAL SERVICE COST ALLOCATION PLANS
TABLE OF CONTENTS

- A. General**
- B. Definitions**
 - 1. Billed central services**
 - 2. Allocated central services**
 - 3. Agency or operating agency**
- C. Scope of the Central Service Cost Allocation Plans**
- D. Submission Requirements**
- E. Documentation Requirements for Submitted Plans**
 - 1. General**
 - 2. Allocated central services**
 - 3. Billed services**
 - a. General**
 - b. Internal service funds**
 - c. Self-insurance funds**
 - d. Fringe benefits**
 - 4. Required certification**
- F. Negotiation and Approval of Central Service Plans**
- G. Other Policies**
 - 1. Billed central service activities**
 - 2. Working capital reserves**
 - 3. Carry-forward adjustments of allocated central service costs**
 - 4. Adjustments of billed central services**
 - 5. Records retention**
 - 6. Appeals**
 - 7. OMB assistance**

A. General

1. Most governmental units provide certain services, such as motor pools computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards.
2. Guidelines and illustrations of central service cost allocation plans are provided in a brochure published by the Department of Health and Human Services entitled "A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government." A copy of this brochure may be obtained from the Superintendent of Documents, U.S. Government Printing Office.

B. Definitions

1. "*Billed central services*" means central services that are billed to benefited agencies and/or programs on an individual fee-for-service or similar basis. Typical examples of billed central services include computer services, transportation services, insurance, and fringe benefits.
2. "*Allocated central services*" means central services that benefit operating agencies but are not billed to the agencies on a fee-for-service or similar basis. These costs are allocated to benefited agencies on some reasonable basis. Examples of such services might include general accounting, personnel administration, purchasing, etc.
3. "*Agency or operating agency*" means an organizational unit or sub-division within a governmental unit that is responsible for the performance or administration of awards or activities of the governmental unit.

C. Scope of the Central Service Cost Allocation Plans. The central service cost allocation plan will include all central service costs that will be claimed (either as a billed or an allocated cost) under Federal awards and will be documented as described in section E. Costs of central services omitted from the plan will not be reimbursed.

D. Submission Requirements

1. Each State will submit a plan to the Department of Health and Human Services for each year in which it claims central service costs under Federal awards. The plan should include (a) a projection of the next year's allocated central service cost (based either on actual costs for the most recently completed year or the budget projection for the coming year), and (b) a reconciliation of actual allocated central service costs to the estimated costs used for either

the most recently completed year or the year immediately preceding the most recently completed year.

2. Each local government that has been designated as a "major local government" by the Office of Management and Budget (OMB) is also required to submit a plan to its Cognizant agency annually. OMB periodically lists major local governments in the Federal Register.
3. All other local governments claiming central service costs must develop a plan in accordance with the requirements described in this Circular and maintain the plan and related supporting documentation for audit. These local governments are not required to submit their plans for Federal approval unless they are specifically requested to do so by the Cognizant agency. Where a local government only receives funds as a sub-recipient, the primary recipient will be responsible for negotiating indirect cost rates and/or monitoring the sub-recipient's plan.
4. **All central service cost allocation plans** will be prepared and, when required, submitted within six months prior to the beginning of each of the governmental unit's fiscal years in which it proposes to claim central service costs. Extensions may be granted by the Cognizant agency on a case-by-case basis.

E. Documentation Requirements for Submitted Plans- The documentation requirements described in this section may be modified, expanded, or reduced by the Cognizant agency on a case-by-case basis. For example, the requirements may be reduced for those central services which have little or no impact on Federal awards. Conversely, if a review of a plan indicates that certain additional information is needed, and will likely be needed in future years, it may be routinely requested in future plan submissions. Items marked with an asterisk (*) should be submitted only once; subsequent plans should merely indicate any changes since the last plan.

1. **General-** All proposed plans must be accompanied by the following: an organization chart sufficiently detailed to show operations including the central service - activities of the State/local government whether or not they are shown as benefiting from central service functions; a copy of the Comprehensive Annual Financial Report (or a copy of the Executive Budget if budgeted costs are being proposed) to support the allowable costs of each central service activity included in the plan; and, a certification (see subsection 4.) that the plan was prepared in accordance with this Circular, contains only allowable costs, and was prepared in a manner that treated similar costs consistently among the various Federal awards and between Federal and non-Federal awards/activities.
2. **Allocated central services-** For each allocated central service, the plan must also include the following: a brief description of the service*, an identification of the unit rendering the service and the operating agencies receiving the service, the items of expense included in the cost of the service, the method used to distribute the cost of the service to benefited agencies, and a summary schedule showing the allocation of each service to the specific benefited agencies. If any self-insurance funds or fringe benefits costs are treated as allocated (rather than billed) central services, documentation discussed in subsections 3.b. and c. shall also be included.

3. Billed services-
 - a. General- The information described below shall be provided for all billed central services, including internal service funds, self-insurance funds, and fringe benefit funds.
 - b. Internal service funds
 - (1) For each internal service fund or similar activity with an operating budget of \$5 million or more, the plan shall include: a brief description of each service; a balance sheet for each fund based on individual accounts contained in the governmental unit's accounting system; a revenue/expenses statement, with revenues broken out by source, e.g., regular billings, interest earned, etc.; a listing of all non-operating transfers (as defined by Generally Accepted Accounting Principles (GAAP)) into and out of the fund; a description of the procedures (methodology) used to charge the costs of each service to users, including how billing rates are determined; a schedule of current rates; and, a schedule comparing total revenues (including imputed revenues) generated by the service to the allowable costs of the service, as determined under this Circular, with an explanation of how variances will be handled.
 - (2) Revenues shall consist of all revenues generated by the service, including unbilled and uncollected revenues. If some users were not billed for the services (or were not billed at the full rate for that class of users), a schedule showing the full imputed revenues associated with these users shall be provided. Expenses shall be broken out by object cost categories (e.g., salaries, supplies, etc.).
 - c. Self-insurance funds- For each self-insurance fund, the plan shall include: the fund balance sheet; a statement of revenue and expenses including a summary of billings and claims paid by agency; a listing of all non-operating transfers into and out of the fund; the type(s) of risk(s) covered by the fund (e.g., automobile liability, workers' compensation, etc.); an explanation of how the level of fund contributions are determined, including a copy of the current actuarial report (with the actuarial assumptions used) if the contributions are determined on an actuarial basis; and, a description of the procedures used to charge or allocate fund contributions to benefited activities. Reserve levels in excess of claims (1) submitted and adjudicated but not paid, (2) submitted but not adjudicated, and (3) incurred but not submitted must be identified and explained.
 - d. Fringe benefits- For fringe benefit costs, the plan shall include: a listing of fringe benefits provided to covered employees, and the overall annual cost of each type of benefit; current fringe benefit policies*; and procedures used to charge or allocate the costs of the benefits to benefited activities. In addition, for pension and post-retirement health insurance plans, the following information shall be provided: the governmental unit's funding policies, e.g., legislative bills, trust agreements, or State-mandated contribution rules, if different from actuarially determined rates; the pension plan's costs accrued for the year; the amount funded, and date(s) of funding; a copy of the current actuarial report (including the actuarial assumptions); the plan

trustee's report; and, a schedule from the activity showing the value of the interest cost associated with late funding.

4. Required certification- Each central service cost allocation plan will be accompanied by a certification in the following form:

CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

- (1) *All costs included in this proposal [identify date] to establish cost allocations or billings for [identify period covered by plan] are allowable in accordance with the requirements of OMB Circular A-I 7, "Cost Principles for State and Local Governments, " and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.*
- (2) *All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.*

I declare that the foregoing is true and correct.

Governmental Unit:

Signature:

Name of Official:

Title:

Date of Execution:

F. Negotiation and Approval of Central Service Plans

1. All proposed central service cost allocation plans that are required to be submitted will be reviewed, negotiated, and approved by the Federal cognizant agency on a timely basis. The cognizant agency will review the proposal within six months of receipt of the proposal and either negotiate/approve the proposal or advise the governmental unit of the additional documentation needed to support/evaluate the proposed plan or the changes required to make the proposal acceptable. Once an agreement with the governmental unit has been reached, the agreement will be accepted and used by all Federal agencies, unless prohibited or limited by statute. Where a Federal funding agency has reason to believe that special

operating factors affecting its awards necessitate special consideration, the funding agency will, prior to the time the plans are negotiated, notify the cognizant agency.

2. The results of each negotiation shall be formalized in a written agreement between the Cognizant agency and the governmental unit. This agreement will be subject to re-opening if the agreement is subsequently found to violate a statute or the information upon which the plan was negotiated is later found to be materially incomplete or inaccurate. The results of the negotiation shall be made available to all Federal agencies for their use.
3. Negotiated cost allocation plans based on a proposal later found to have included costs that: (a) are unallowable (i) as specified by law or regulation, (ii) as identified in Attachment B of this Circular, or (iii) by the terms and conditions of Federal awards, or (b) are unallowable because they are clearly not allocable to Federal awards, shall be adjusted, or a refund shall be made at the option of the Federal cognizant agency. These adjustments or refunds are designed to correct the plans and do not constitute a reopening of the negotiation.

G. Other Policies

1. Billed central service activities. Each billed central service activity must separately account for all revenues (including imputed revenues) generated by the service, expenses incurred to furnish the service, and profit/loss.
2. Working capital reserves. Internal service funds are dependent upon a reasonable level of working capital reserve to operate from one billing cycle to the next. Charges by an internal service activity to provide for the establishment and maintenance of a reasonable level of working capital reserve, in addition to the full recovery of costs, are allowable. A working capital reserve as part of retained earnings of up to 60 days cash expenses for normal operating purposes is considered reasonable. A working capital reserve exceeding 60 days may be approved by the Cognizant Federal agency in exceptional cases.
3. Carry-forward adjustments of allocated central service costs- Allocated central service costs are usually negotiated and approved for a future fiscal year on a "fixed with carry-forward" basis. Under this procedure, the fixed amounts for the future year covered by agreement are not subject to adjustment for that year. However, when the actual costs of the year involved become known, the differences between the fixed amounts previously approved and the actual costs will be carried forward and used as an adjustment to the fixed amounts established for a later year. This "carry-forward" procedure applies to all central services whose costs were fixed in the approved plan. However, a carry-forward adjustment is not permitted, for a central service activity that was not included in the approved plan, or for unallowable costs that must be reimbursed immediately.
4. Adjustments of billed central services- Billing rates used to charge Federal awards shall be based on the estimated costs of providing the services, including an estimate of the allocable central service costs.

A comparison of the revenue generated by each billed service (including total revenues whether or not billed or collected) to the actual allowable costs of the service will be made at least annually, and an adjustment will be made for the difference between the revenue and the allowable costs. These adjustments will be made through one of the following adjustment methods: (a) a cash refund to the Federal Government for the Federal share of the adjustment, (b) credits to the amounts charged to the individual programs, (c) adjustments to future billing rates, or (d) adjustments to allocated central service costs. Adjustments to allocated central services will not be permitted where the total amount of the adjustment for a particular service (Federal share and non-Federal) share exceeds \$500,000.

5. Records retention- All central service cost allocation plans and related documentation used as a basis for claiming costs under Federal awards must be retained for audit in accordance with the records retention requirements contained in the Common Rule.
6. Appeals- If a dispute arises in the negotiation of a plan between the Cognizant agency and the governmental unit, the dispute shall be resolved in accordance with the appeals procedures of the Cognizant agency.
7. OMB assistance- To the extent that problems are encountered among the Federal agencies and/or governmental units in connection with the negotiation and approval process, OMB will lend assistance, as required, to resolve such problems in a timely manner.

**Circular No. A-87
Attachment D**

PUBLIC ASSISTANCE COST ALLOCATION PLANS

TABLE OF CONTENTS

- A. General**
- B. Definitions**
 - 1.State public assistance agency**
 - 2.State public assistance agency costs**
- C. Policy**
- D. Submission, Documentation, and Approval of Public Assistance Cost Allocation Plans**
- E. Review of Implementation of Approved Plans**
- F. Unallowable Costs**

A. General

Federally-financed programs administered by State public assistance agencies are funded predominately by the Department of Health and Human Services (HHS). In support of its stewardship requirements, HHS has published requirements for the development, documentation, submission, negotiation, and approval of public assistance cost allocation plans in Subpart E of 45 CFR Part 95. All administrative costs (direct and indirect) are normally charged to Federal awards by implementing the public assistance cost allocation plan. This Attachment extends these requirements to all Federal agencies whose programs are administered by a State public assistance agency. Major federally-financed programs typically administered by State public assistance agencies include: Aid to Families with Dependent Children, Medicaid, Food Stamps, Child Support Enforcement, Adoption Assistance and Foster Care, and Social Services Block Grant.

B. Definitions

1. *"State public assistance agency"* means a State agency administering or supervising the administration of one or more public assistance programs operated by the State as identified in Subpart E of 45 CFR Part 95. For the purpose of this Attachment, these programs include all programs administered by the State public assistance agency.
2. *"State public assistance agency costs"* means all costs incurred by, or allocable to, the State public assistance agency, except expenditures for financial assistance, medical vendor payments, food stamps, and payments for services and goods provided directly to program recipients.

C. Policy

State public assistance agencies will develop, document and implement, and the Federal Government will review, negotiate, and approve, public assistance cost allocation plans in accordance with Subpart E of 45 CFR Part 95. The plan will include all programs administered by the State public assistance agency. Where a letter of approval or disapproval is transmitted to a State public assistance agency in accordance with Subpart E, the letter will apply to all Federal agencies and programs. The remaining sections of this Attachment (except for the requirement for certification) summarize the provisions of Subpart E of 45 CFR Part 95.

D. Submission, Documentation, and Approval of Public Assistance Cost Allocation Plans

1. State public assistance agencies are required to promptly submit amendments to the cost allocation plan to HHS for review and approval.
2. Under the coordination process outlined in subsection E, affected Federal agencies will review all new plans and plan amendments and provide comments, as appropriate, to HHS. The effective date of the plan or plan amendment will be the first day of the quarter following the submission of the plan or amendment, unless another date is specifically approved by HHS. HHS, as the Cognizant agency acting on behalf of all affected Federal agencies, will, as necessary, conduct negotiations with the State public assistance agency and will inform the State agency of the action taken on the plan or plan amendment.

E. Review of Implementation of Approved Plans

1. Since public assistance cost allocation plans are of a narrative nature, the review during the plan approval process consists of evaluating the appropriateness of the proposed groupings of costs (cost centers) and the related allocation bases. As such, the Federal Government needs some assurance that the cost allocation plan has been implemented as approved. This is accomplished by reviews by the funding agencies, single audits, or audits conducted by the Cognizant audit agency.
2. Where inappropriate charges affecting more than one funding agency are identified, the Cognizant HHS cost negotiation office will be advised and will take the lead in resolving the issue(s) as provided for in Subpart E of 45 CFR Part 95.
3. If a dispute arises in the negotiation of a plan or from a disallowance involving two or more funding agencies, the dispute shall be resolved in accordance with the appeals procedures set out in 45 CFR Part 75. Disputes involving only one funding agency will be resolved in accordance with the funding agency's appeal process.
4. To the extent that problems are encountered among the Federal agencies and/or governmental units in connection with the negotiation and approval process, the Office of Management and Budget will lend assistance, as required, to resolve such problems in a timely manner.

F. Unallowable Cost

Claims developed under approved cost allocation plans will be based on allowable costs as identified in this Circular. Where unallowable costs have been claimed and reimbursed, they will be refunded to the program that reimbursed the unallowable cost using one of the following methods: (a) a cash refund, (b) offset to a subsequent claim, or (c) credits to the amounts charged to individual awards.

Circular No. A-87
Attachment E

STATE AND LOCAL INDIRECT COST RATE PROPOSALS

TABLE OF CONTENTS

- A. General**
- B. Definitions**
 - 1. Indirect cost rate proposal
 - 2. Indirect cost rate
 - 3. Indirect cost pool
 - 4. Base
 - 5. Predetermined rate
 - 6. Fixed rate
 - 7. Provisional rate
 - 8. Final rate
 - 9. Base period
- C. Allocation of Indirect Costs and Determination of Indirect Cost Rates**
 - 1. General
 - 2. Simplified method
 - 3. Multiple allocation base method
 - 4. Special indirect cost rates
- D. Submission and Documentation of Proposals**
 - 1. Submission of indirect cost rate proposals
 - 2. Documentation of proposals
 - 3. Required certification
- E. Negotiation and Approval of Rates**
- F. Policies**
 - 1. Fringe benefit rates
 - 2. Billed services provided by the grantee agency
 - 3. Indirect cost allocations not using rates
 - 4. Appeals
 - 5. Collections of unallowable costs and erroneous payments
 - 6. OMB assistance

A. General

1. Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to Federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefited cost objectives. A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost.
2. Indirect costs include (a) the indirect costs originating in each department or agency of the governmental unit carrying out Federal awards and (b) the costs of central governmental services distributed through the central service cost allocation plan (as described in Attachment C) and not otherwise treated as direct costs.
3. Indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards. Guidelines and illustrations of indirect cost proposals are provided in a brochure published by the Department of Health and Human Services entitled "A Guide for State and Local Government Agencies: Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government." A copy of this brochure may be obtained from the Superintendent of Documents, U.S. Government Printing Office.
4. Because of the diverse characteristics and accounting practices of governmental units, the types of costs which may be classified as indirect costs cannot be specified in all situations. However, typical examples of indirect costs may include certain State/local-wide central service costs, general administration of the grantee department or agency, accounting and personnel services performed within the grantee department or agency, depreciation or use allowances on buildings and equipment, the costs of operating and maintaining facilities, etc.
5. This Attachment does not apply to State public assistance agencies. These agencies should refer instead to Attachment D.

B. Definitions

1. "*Indirect cost rate proposal*" means the documentation prepared by a governmental unit or subdivision thereof to substantiate its request for the establishment of an indirect cost rate.
2. "*Indirect cost rate*" is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

3. *"Indirect cost pool"* is the accumulated costs that jointly benefit two or more programs or other cost objectives.
4. *"Base"* means the accumulated direct costs (normally either total direct salaries and wages or total direct costs exclusive of any extraordinary or distorting expenditure) used to distribute indirect costs to individual Federal awards. The direct cost base selected should result in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from the costs.
5. *"Predetermined rate"* means an indirect cost rate, applicable to a specified current or future period, usually the governmental unit's fiscal year. This rate is based on an estimate of the costs to be incurred during the period. Except under very unusual circumstances, a predetermined rate is not subject to adjustment. (Because of legal constraints, predetermined rates are not permitted for Federal contracts; they may, however, be used for grants or cooperative agreements.) Predetermined rates may not be used by governmental units that have not submitted and negotiated the rate with the Cognizant agency. In view of the potential advantages offered by this procedure, negotiation of predetermined rates for indirect costs for a period of two to four years should be the norm in those situations where the cost experience and other pertinent facts available are deemed sufficient to enable the parties involved to reach an informed judgment as to the probable level of indirect costs during the ensuing accounting periods.
6. *"Fixed rate"* means an indirect cost rate which has the same characteristics as a predetermined rate, except that the difference between the estimated costs and the actual, allowable costs of the period covered by the rate is carried forward as an adjustment to the rate computation of a subsequent Period.
7. *"Provisional rate"* means a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on Federal awards pending the establishment of a "final" rate for that period.
8. *"Final rate"* means an indirect cost rate applicable to a specified past period which is based on the-actual allowable costs of the period. A final audited rate is not subject to adjustment.
9. *"Base period"* for the allocation of indirect costs is the period in which such costs are incurred and accumulated for allocation to activities performed in that period. The base period normally should coincide with the governmental unit's fiscal year, but in any event, shall be so selected as to avoid inequities in the allocation of costs.

C. Allocation of Indirect Costs and Determination of Indirect Cost Rates.

1. General
 - a. Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost

rate may be accomplished through simplified allocation procedures as described in subsection 2.

- b. Where a governmental unit's department or agency has several major functions which benefit from its indirect costs in varying degrees, the allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated individually to benefited functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s).
 - c. Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subsections 2, 3 and 4.
2. Simplified method.
- a. Where a grantee agency's major functions benefit from its indirect costs to approximately the same degree, the allocation of indirect costs may be accomplished by (1) classifying the grantee agency's total costs for the base period as either direct or indirect, and (2) dividing the total allowable indirect costs (net of applicable credits) by an equitable' distribution base. The result of this process is an indirect cost rate which is used to distribute indirect costs to individual Federal awards. The rate should be expressed as the percentage which the total amount of allowable indirect costs bears to the base selected. This method should also be used where a governmental unit's department or agency has only one major function encompassing a number of individual projects or activities and may be used where the level of Federal awards to that department or agency is relatively small.
 - b. Both the direct costs and the indirect costs shall exclude capital expenditures and unallowable costs. However, unallowable costs must be included in the direct costs if they represent activities to which indirect costs are properly allocable.
 - c. The distribution base may be (1) total direct costs (excluding capital expenditures and other distorting items, such as pass-through funds, **major** subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution.
3. Multiple allocation base method.
- a. Where a grantee agency's indirect costs benefit its major functions in varying degrees, such costs shall be accumulated into separate cost groupings. Each grouping shall then be allocated individually to benefited functions by means of a base which best measures the relative benefits.

- b. The cost groupings should be established so as to permit the allocation of each grouping on the basis of benefits provided to the major functions. Each grouping should constitute a pool of expenses that are of like character in terms of the functions they benefit and in terms of the allocation base which best measures the relative benefits provided to each function. The number of separate groupings should be held within practical limits, taking into consideration the materiality of the amounts involved and the degree of precision needed.
 - c. Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to benefited functions. When an allocation can be made by assignment of a cost grouping directly to the function benefited, the allocation shall be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made through the use of a selected base which produces results that are equitable to both the Federal Government and the governmental unit. In general, any cost element or related factor associated with the governmental unit's activities is potentially adaptable for use as an allocation base provided that: (1) it can readily be expressed in terms of dollars or other quantitative measures total direct costs, direct salaries and wages, staff hours applied, square feet used, hours of usage, number of documents processed, population served, and the like), and (2) it is common to the benefited functions during the base period.
 - d. Except where a special indirect cost rate(s) is required in accordance with subsection 4, the separate groupings of indirect costs allocated to each major function shall be aggregated and treated as a common pool for that function. The costs in the common pool shall then be distributed to individual Federal awards included in that function by use of a single indirect cost rate.
 - e. The distribution base used in computing the indirect cost rate for each function may be (1) total direct costs (excluding capital expenditures and other distorting items such as pass-through funds, major subcontracts, etc.), (2) direct salaries and wages, or (3) another base which results in an equitable distribution. An indirect cost rate should be developed for each separate indirect cost pool developed. The rate in each case should be stated as the percentage relationship between the particular indirect cost pool and the distribution base identified with that pool.
4. Special indirect cost rates.
 - a. In some instances, a single indirect cost rate for all activities of a grantee department or agency or for each major function of the agency may not be appropriate. It may not take into account those different factors which may substantially affect the indirect costs applicable to a particular program or group of programs. The factors may include the physical location of the work, the level of administrative support required, the nature of the facilities or other resources employed, the organizational arrangements used, or any combination thereof. When a particular award is carried out in an environment which appears to generate a significantly different level of indirect costs, provisions should be made for a separate indirect cost pool applicable to that award. The separate indirect cost pool should be developed during the course

of the regular allocation process, and the separate indirect cost rate resulting therefrom should be used, provided that: (1) The rate differs significantly from the rate which would have been developed under subsections 2. & 3. (2) The award to which the rate would apply is material in amount.

- b. Although this Circular adopts the concept of the full allocation of indirect costs, there are some Federal statutes which restrict the reimbursement of certain indirect costs. Where such restrictions exist, it may be necessary to develop a special rate for the affected award. Where a "restricted rate" is required, the procedure for developing a non-restricted rate will be used except for the additional step of the elimination from the indirect cost pool those costs for which the law prohibits reimbursement.

D. Submission and Documentation of Proposals

1. Submission of indirect cost rate proposals
 - a. All departments or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in the Common Rule.
 - b. A governmental unit for which a Cognizant agency assignment has been specifically designated must submit its indirect cost rate proposal to its cognizant agency. The Office of Management and Budget (OMB) will periodically publish lists of governmental units identifying the appropriate Federal cognizant agencies. The Cognizant agency for all governmental units or agencies not identified by OMB will be determined based on the Federal agency providing the largest amount of Federal funds. In these cases, a governmental unit must develop an indirect cost proposal in accordance with the requirements of this Circular and maintain the proposal and related supporting documentation for audit. These governmental units are not required to submit their proposals unless they are specifically requested to do so by the Cognizant agency. Where a local government only receives funds as a sub-recipient, the primary recipient will be responsible for negotiating and/or monitoring the sub-recipient's plan.
 - c. Each Native American tribal government desiring reimbursement of indirect costs must submit its indirect cost proposal to the Department of the Interior (its cognizant Federal agency).
 - d. Indirect cost proposals must be developed (and, when required, submitted) within six months after the close of the governmental unit's fiscal year, unless an exception is approved by the cognizant Federal agency. If the proposed central service cost allocation plan for the same period has not been approved by that time, the indirect cost proposal may be prepared including an amount for central services that is based

on the latest federally-approved central service cost allocation plan. The difference between these central service amounts and the amounts ultimately approved will be compensated for by an adjustment in a subsequent period.

2. Documentation of proposals. The following shall be included with each indirect cost proposal:
 - a. The rates proposed, including subsidiary work sheets and other relevant data, cross referenced and reconciled to the financial data noted in subsection b. Allocated central service costs will be supported by the summary table included in the approved central service cost allocation plan. This summary table is not required to be submitted with the indirect cost proposal if the central service cost allocation plan for the same fiscal year has been approved by the Cognizant agency and is available to the funding agency.
 - b. A copy of the financial data (financial statements, comprehensive annual financial report, executive budgets, accounting reports, etc.) upon which the rate is based. Adjustments, resulting from the use of unaudited data will be recognized, where appropriate, by the Federal Cognizant agency in a subsequent proposal.
 - c. The approximate amount of direct base costs, incurred under Federal awards. These costs should be broken out between salaries and wages and other direct costs.
 - d. A chart showing the organizational structure of the agency during the period for which the proposal applies, along with a functional statement(s) noting the duties and/or responsibilities of all units that comprise the agency. (Once this is submitted, only revisions need be submitted with subsequent proposals.)
3. Required certification. Each indirect cost rate proposal shall be accompanied by a certification in the following form:

CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

- (1) *All costs included in this proposal [identify date] to establish billing or al indirect costs rates for [identify period covered by rate] are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Circular A-87, "Cost Principles for State and Local Governments." Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.*
- (2) *All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently*

and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit:

Signature:

Name of Official:

Title: Date of Execution:

E. Negotiation and Approval of Rates.

1. Indirect cost rates will be reviewed, negotiated, and approved by the cognizant Federal agency on a timely basis. Once a rate has been agreed upon, it will be accepted and used by all Federal agencies unless prohibited or limited by statute. Where a Federal funding agency has reason to believe that special operating factors affecting its awards necessitate special indirect cost rates, the funding agency will, prior to the time the rates are negotiated, notify the cognizant Federal agency.
2. The use of predetermined rates, if allowed, is encouraged where the Cognizant agency has reasonable assurance based on past experience and reliable projection of the grantee agency's costs that the rate is not likely to exceed a rate based on actual costs. Long-term agreements utilizing predetermined rates extending over two or more years are encouraged, where appropriate.
3. The results of each negotiation shall be formalized in a written agreement between the Cognizant agency and the governmental unit. This agreement will be subject to re-opening if the agreement is subsequently found to violate a statute, or the information upon which the plan was negotiated is later found to be materially incomplete or inaccurate. The agreed upon rates shall be made available to all Federal agencies for their use.
4. Refunds shall be made if proposals are later found to have included costs that (a) are unallowable (i) as specified by law or regulation, (ii) as identified in Attachment B of this Circular, or (iii) by the terms and conditions of Federal awards, or (b) are unallowable because they are clearly not allocable to Federal awards. These adjustments or refunds will be made regardless of the type of rate negotiated (predetermined, final, fixed, or provisional).

F. Other Policies.

1. *Fringe benefit rates* If overall fringe benefit rates are not approved for the governmental unit as part of the central service cost allocation plan, these rates will be reviewed, negotiated and approved for individual grantee agencies during the indirect cost negotiation

process. In these cases, a proposed fringe benefit rate computation should accompany the indirect cost proposal. If fringe benefit rates are not used at the grantee agency level (i.e., the agency specifically identifies fringe benefit costs to individual employees), the governmental unit should so advise the cognizant agency.

2. *Billed services provided by the grantee agency* In some cases, governmental units Provide and bill for services similar to those covered by central service cost allocation plans (e.g., computer centers). Where this occurs, the governmental unit should be guided by the requirements in Attachment C relating to the development of billing rates and documentation requirements and should advise the Cognizant agency of any billed services. Reviews of these types of services (including reviews of costing/billing methodology, profits or losses, etc.) will be made on a case-by-case basis as warranted by the circumstances involved
3. *Indirect cost allocations not using rates* In certain situations, a governmental unit, because of the nature of its awards, may be required to develop a cost allocation plan that distributes indirect (and, in some cases, direct) costs to the specific funding sources. In these cases, a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted, as appropriate, to the Cognizant agency for review, negotiation, and approval.
4. *Appeals* If a dispute arises in a negotiation of an indirect cost rate (or other rate) between the Cognizant agency and the governmental unit, the dispute shall be resolved in accordance with the appeals procedures of the Cognizant agency.
5. *Collection of unallowable costs and erroneous payments* Costs specifically identified as unallowable and charged to Federal awards either directly or indirectly will be refunded (including interest chargeable in accordance with applicable Federal agency regulations).
6. *OMB assistance* To the extent that problems are encountered among the Federal agencies and/or governmental units in connection with the negotiation and approval process, OMB will lend assistance, as required, to resolve such problems in a timely manner.

SECTION
III - A

SECTION III - DEVELOPING COST ON THE DSS-1571 REPORT

December 31, 2023

Section III-A Procedures for Recording Salary Data

Description

The Part I consists of three forms;

1. Part IA, Services
2. Part IB, Income Maintenance, Administration & Training
3. Part IC, Child Support Enforcement, IV-D

Staff and Costs Information

a. Employee Information:

For each employee listed; you will need:

- (1) The employee's first initial, middle initial and last name as shown on payroll records;
- (2) The employee's valid identification number;
- (3) The last five digits of the *position number* assigned by Social Services Personnel;
- (4) The employee's Job Classification (a maximum of 7 letters may be used);
- (5) All employees must be reported even if they did not receive a pay check during the month.
- (6) **Janitorial staff and student interns are not reported on Part I.** Housekeeping costs are included in Cost of Space.

b. Salary Information:

- (1) You will need the salary paid or accrued during the report period. Normally, this amount will be equal to the monthly rate of pay that is to be found in the county's approved pay plan, **except** where one or more of the following occurred:
 - i. A retroactive salary increment was paid in compliance with State Personnel policies and regulations.
 - ii. A longevity payment was made - if the county does not have this specified in an approved pay plan, such payments must be shown on the DSS-1571 (Part II) as incompatible (Code 310, and Non-Reimbursable Total Cost).
 - iii. Severance payments are made.

- iv. A bi-weekly pay plan exists.
 - v. Payment is made upon termination for accrued annual leave.
 - vi. Payment of individual is adjusted for leave without pay.
 - vii. When a worker is pro-rating salary, fringes, and time between Services and Income Maintenance, Services and IV-D, or IV-D and Income Maintenance.
 - viii. When reporting part-time workers.
- (2) You will need the total of the county's (employer's) share of fringe benefits excluding worker's compensation and unemployment insurance which is reported on the DSS-1571, Part II.
- (3) You will need to combine the total of the salary paid plus the county share of fringe benefits.

Program Function Codes

Program function codes are used to classify the part that each worker plays in the determination of client eligibility or in the provision of social services to the client. Workers are classified with respect to their program assignment and contact with clients. **Direct work time is calculated from daily worksheets and reported on the DSS-1571 as a whole or fraction of a position chargeable to the program(s) benefiting from their work activities.** Costs for each direct worker are apportioned to the benefiting program(s) in the same way.

Support workers are reported by function codes that identify the program(s) to which they render clerical or technical assistance, and/or supervision. These positions and personnel costs are distributed to the programs based upon the total number of direct positions reported for each program.

Administrative staff renders agency level support. **Costs of such staff are distributed to all programs** based upon the total accumulated equivalent positions in each program.

Function codes are two-digit numerical running from 01 to 99. The range of numbers is subdivided into groups; Services, Income Maintenance, Supervision and Support, and Administration. The Services block runs from 01 through 59, Income Maintenance from 60 through 74, Child Support Enforcement 79, Supervision and Support from 80 through 89, and Administration 90 through 99.

Listed below are the codes to be used to identify workers. *Codes are two-digit numerical identifiers.*

1. General Service Programs DSS-1571 Part IA	Function Code	Column Reported	Application Codes
SSBG Federal-Foster Care	01	09	395
Service Worker Family Planning	01	10	080
In Home Case Management-SSBG over and below 60	01	11	394
SSBG Federal-Fam Supp Serv	01	12	385
In Home Case Management-ST/INH below 60	01	13	396
SSBG Federal Adoption	01	14	010
Medical Trans. Admin.	01	15	375
Energy Admin.	01	16	406
Non-Reimbursable Adoption	01	18	459
SSBG Federal GAP	02	09	361
Child Care and Development Fraud	02	10	370
CCDF - Admin.	02	11	364
TANF-SSBG GAP	02	12	066
HCCBG Cares	02	16	531
Non-Elig-At Risk Case Mgmt	02	18	500
TANF to SSBG-Foster Care	03	09	050
TANF CPS Serv	03	11	358
Adult Protective Services-SSBG	03	12	170
TANF Foster Care Serv	03	13	055
TANF Family Support Serv	03	14	053
TANF Adoption Serv	03	15	085
TANF to SSBG-Adoption	03	16	088
Non-Eligible Emergency Energy Asst Links	03	18	502
APS 100%	04	09	290
Non-Eligible Subsidized Child Care	04	13	169
Non-Eligible Subsidized Child Care	04	18	503
SSBG Federal-CPS	05	09	012
Foster Care Caseworker Visit	05	10	096
LIEAP ARPA Adm	05	12	492
SSBG Federal-Home & Comm Serv	05	13	101
SSBG Federal-At Risk Case Mgmt	05	14	214
SSBG Federal-APS	05	15	390
SSBG Federal-CM & Counsel	05	16	397
Comm Response Pgm	06	10	136
LIHWAP CAA Adm (inactive)	06	12	410
Family Reunification	06	16	220
Non-Eligible-APS	06	18	504
SSBG Fed Guardianship	07	09	387
LIHWAP ARP ADM	07	14	418
Non-Eligible-Guardianship	07	18	514
Refugee Assistance	08	15	389
Quality Improvement Non Reimb	08	18	333
Adult Home Specialist	09	11	128
Adult Home Specialist-Cnty	09	15	131

SOCIAL SERVICES FISCAL MANUAL
 REPORTING PERSONNEL COSTS - PART IA, IB, IC
 PROCEDURES FOR RECORDING SALARY DATA

DEVELOPING COST ON THE DSS-1571
 Section III A
 December 31, 2023

Cont. General Service Programs DSS 1571 Part IA	Function Code	Column Reported	Application Codes
Medical Trans Non Reimb	09	18	517
Employment and Training SNAP 100%	11	09	466
FNS Employment and Training 100%	11	11	461
FS E&T ABAWD	11	16	472
Non-Eligible-CPS	11	18	506
Non-Eligible-Home & Comm	14	18	508
Repatriation-Admin	16	09	112
Trans-Adult –SIH Hm & Comm 18-59	16	10	237
Trans-Child-Foster CRE-SSBG	16	11	249
Trans-Child-CPS-SSBG	16	12	248
Trans-Adult-SIH-Home & Comm>60	16	13	247
Trans-Chld FC SIH<17	16	14	189
Trans-Chld CPS SIH<17	16	15	188
Trans Child FC SIH<17	Prior to Nov 2019		193
Trans Child CPS SIH<17	Prior to Nov 2019		192
Transportation-Adults-SSBG	16	16	250
GAP Non-Reimb	16	18	513
MAC APS	19	10	488
MAC Apps/Outr	19	11	480
Prep & Deliv Meals-STE > 60	19	12	184
MAC Cord/Transp	19	14	478
Prep & Deliv Meals	19	18	187
Permanency Plan CPS Svcs	20	11	366
Permanency Plan CPS Admin	Automatically Assigned		326
Permanency Plan Adoption Svcs	20	12	090
Permanency Plan Adoption Admin	Automatically Assigned		070
Permanency Plan Fam Supp Svcs	20	13	486
Permanency Plan Fam Supp Admin	Automatically Assigned		476
Perm Plan Fos Care Svcs	20	14	368
Perm Plan Fos Care Admin	Automatically Assigned		328
Non-Eligible-FNS Employ & Train	21	18	473
F.S. Workfare (after July 1, 1986)	24	12	456
CWS NH Exp	25	09	117
ST CPS Caseload Redu	25	13	103
CPS State 100%	25	15	115
CPS (TANF TO SSBG)	25	16	127
IV-E State Finger Printing Criminal History Check	27	15	230
Non IV-E State Finger Printing Criminal History Check	27	16	231
DCD Smart	30	12	398
DCD Smart Non-Reimbursable	30	18	346
Other Non-DSS Reim Serv	34	12	799
Other Non-DSS Reim Serv	34	13	797
Other Non-DSS Reim Serv	34	14	779
Other Non-DSS Reim Serv	34	15	774

SOCIAL SERVICES FISCAL MANUAL
 REPORTING PERSONNEL COSTS - PART IA, IB, IC
 PROCEDURES FOR RECORDING SALARY DATA

DEVELOPING COST ON THE DSS-1571
 Section III A
 December 31, 2023

Cont. General Service Programs DSS-1571 Part IA	Function Code	Column Reported	Application Codes
Other Non-DSS Reim Serv	34	16	798
Other Non-DSS Reim Serv	35	12	792
Other Non-DSS Reim Serv	35	13	793
Other Non-DSS Reim Serv	35	14	794
Other Non-DSS Reim Serv	35	15	795
Other Non-DSS Reim Serv	35	16	796
Other Non-DSS Reim Serv	36	09	781
Other Non-DSS Reim Serv	36	10	782
Other Non-DSS Reim Serv	36	11	783
Other Non-DSS Reim Serv	36	12	784
Other Non-DSS Reim Serv	36	13	785
Other Non-DSS Reim Serv	36	14	786
Other Non-DSS Reim Serv	36	15	787
Other Non-DSS Reim Serv	36	16	778
Other Non-DSS Reim Serv	36	18	780
Adoption Access CI	37	09	124
Non-IV-E Adoption	37	11	084
Non-IV-E CPS	37	15	272
ST IV-E CPS 50%	37	16	274
IV-E Optional Admin-Foster Care	38	09	302
IV-E/State Foster Care	38	10	355
Non-IV-E Foster Care	38	11	354
IV-E Optional Adoption Training	38	12	132
IV-E Adoption Training (Parents)	38	13	095
IV-E Foster Care Training (Parents)	38	14	097
IV-E CPS (County)	38	16	074
IV-E Optional Admin-Adoption	39	09	304
IV-E/State Adoption	39	10	083
IV-E Adoption	39	15	094
IV-E Optional GAP	40	10	306
Work First Serv-Foster Care	53	09	044
TANF Admin WF Emp Svcs	53	10	240
Work First Serv-Family Support	53	11	046
TANF Service 100% Fed WFFA	53	12	239
Work First Svc-Adoption	53	13	092
WF Svcs Guardianship Assistance	53	14	032
Work First Serv-CPS	53	15	319
TANF DV Non-Reimb	53	18	388
Work First Service-WF Employ Svc	54	09	049
TANF Service 100% Fed-WF Emp Svc	54	10	238
Work First Admin-WFFA	54	11	048
TANF Admin 100% Fed-WFFA	54	12	226
WRK FRST Services WFFA	54	14	039
WRK FRST ADMIN WF Emp SVCS	54	16	031
Work First Non-Reimb-WF Emp Svcs	54	18	340

Cont. General Service Programs DSS-1571 Part IA	Function Code	Column Reported	Application Codes
TANF Serv 100% Fed-Fos Care	55	09	060
TANF Serv 100% Fed-Fam Supp	55	11	058
TANF Serv 100% Fed-Adopt	55	13	089
TANF Serv 100% Fed-CPS	55	15	051
Work First NR Adopt-Overage	55	18	342
Work First NR CPS-Overage	56	18	343
SVC Disaster Non-Reimb	57	16	530
Work First NR FOS Care-Overage	57	18	344
Work First NR Fam Sup-Overage	58	18	345
Work First Admin-WFFA Overage	63	18	348
2. In-Home Services DSS-1571 Part 1A	Function Code	Column Reported	Application Codes
Adult Day Care Coordinator-SSBG Both over and under 60	14	11	030
Adult Day Care Coordinator-ST/INH below 60	14	13	035
In Home Aide On Site-SSBG Both over and below 60	15	11	020
State In Home 17 and under 60	15	15	190
In Home Aide Supervisor-SSBG Both over and below 60	17	11	120
In Home Aide Supervisor-SSBG Both over and below 60	17	11	120
In Home Aide Supervisor ST/INH < 60	17	13	
Housing & Home Improvement-SSBG Both over and below 60	18	11	140
Housing & Home Improvement-ST/INH below 60	18	13	145
Prep-Delivery Meals-State <60	19	13	185
Prep-Delivery Meals Coord. below 60-Non reimbursable	19	18	187
In Home Aide Off Site-SSBG below 60	39	11	308
In Home Aide Off Site-ST/INH Both over and below 60	39	13	311
In Home Aide Off Site Both over and below 60-Non reimbursable	39	18	313
In Hm Aide-On Site-ST/INH 60 and over	40	13	150
Case Management-ST/INH 60 and over	41	13	151
Housing & Home Improvement ST/INH 60 and over	42	13	152
Prep-Delivery meals Coord.-ST/INH 60 and up-Non reimbursable	43	18	163
Adult Day Care Coordinator 60 and over	44	13	154
In Home Aide Supervisor ST/INH 60 and over	45	13	155
In Home Aide Off Site ST/INH 60 and over	46	13	156

In Home Aide Off Site ST/INH 60 and over-Non reimbursable	46	18	166
Home & Community Care Block Grant	47	18	157
3. Generic Services Function Codes DSS-1571 Part IA	Function Code	Column Reported	Application Codes
County Program 31	31	09,10, 11,18	251,256, 257,297
County Program 32	32	09,10, 11,18	252,258 259,298
County Program 33	33	09,10, 11,18	253,260, 261,299
County Program 34	34	09,10, 11,18	254,262, 263,300
County Program 35	35	09,10, 11,18	255,264, 265,301
4. Income Maintenance DSS-1571 Part 1B	Function Code	Column Reported	Application Codes
MIC-1/NC Health Choice	63	09	440
Eligibility St/Cnty Special Assist 50/50	64	09	444
Eligibility Specialist-MA	64	10	412
Eligibility Specialist-Refugee PA	64	12	403
Refugee MA	64	13	402
Eligibility Specialist-Food Stamp	64	14	417
Medicaid Administration 75%	64	15	421
Eligibility Specialist-Energy Asst.	64	16	406
Non-Eligible Emergency Energy Eligibility Specialist	64	18	502
EBT Issuance	65	09	242
EBT Training	65	10	243
75% CCU	65	11	496
IM DSNAP Reimb	65	12	411
Fraud Investigator-FS	65	14	405
Special Assistance 75%	65	15	434
Fraud Investigator-FS Non Fraud	65	16	404
Energy Worker (LIEAP/CIP)	66	16	406
IV-E Regular Foster Care Worker	67	09	431
LIHWAP ARP ADM	67	10	418
LIEAP ARPA Adm	67	11	492
CCU Assist	67	12	497
NC MICI (Med Exp)	67	13	440
LIHWAP CAA Adm (inactive)	67	14	410
IM Disaster Non-Reimb	67	16	529
5. Generic Income Maintenance Function Codes DSS-1571 Part 1B	Function Code	Column Reported	Application Codes
County Program 71	71	18	400
County Program 72	72	18	401
County Program 73	73	18	419
County Program 74	74	18	426
Other Non-DSS Reim Serv	75	10	789
Other Non-DSS Reim Serv	75	18	788

6. Child Support Program DSS-1571 Part IC	Function Code	Column Reported	Application Codes
Child Support Worker	79	09	430
IV-D Non Reimbursable Incentive	79	10	123
IV-D Parelegal Services	79	12	428
CSE Disaster Non Reimb	79	18	791
7. Supervision & Support	Function Code		
Service Supervision	84		
Income Maintenance Supervision and Clerical/Support	85		
IV-D Supervision and Clerical/Support	86		
Non-E&E Income Maintenance Supervision and Clerical Support <i>(active beginning 9/22 svc mth pd 10/22)</i>	81		
8. Joint Workers	Function Code		
Service & Income Maintenance	87	See assigned LBL	No longer eligible for use
Service & IV-D	88	See assigned LBL	No longer eligible for use
Income Maintenance & IV-D	89	See assigned LBL	No longer eligible for use
Services and Income Maintenance Clerical	90	See assigned LBL	No longer eligible for use
Services and IV-D Clerical	91	See assigned LBL	No longer eligible for use
9. Administration DSS-1571 Part 1B	Function Code		
Administration Supervision & Support	98		
Non-E&E Admin Supervision & Support <i>(active beginning 9/22 svc mth pd 10/22)</i>	96		
10. Training	Function Code	Column Reported	Application Codes
Training Officer- MA	99	10	429
Training Officer-FC	99	13	407
Training Officer-IV-E Adoption	99	14	133
Training Officer-FS	99	15	409
Training Officer-Child Support	99	16	425

Please Note: Function Codes do not convert to another program. A split entry is required. Please do not use Function Code 82.

Please Note: Not all Part I codes are available to be used by all counties. Please review your “*Dear County Directors*” letters that were mailed to the county directors and the letters are also located on the North Carolina Department of Health and Human Services, Office of Controller’s website. *The Part IA* is for the reporting of program time, salaries, and fringe benefits of agency staff assigned to Service programs. Services reporting requirements beyond these are due to the existence of varying rates of match. Through the use of the appropriate function code, an individual staff worker's percent of time spent in a program can be reported and subsequently reimbursed from both the applicable Federal and State funds available.

The following items below are considered to be helpful hints in completing Part IA:

1. **For any individual worker, the total percentages of time indicated in the program columns, plus any percentage of time shown in column 18 should equal 100 %** except as stated in paragraph 5 of this section.
2. Employee time spent in the performance of direct client-related activities during the reporting period is shown in the appropriate program column(s). **Support staff is reported with *no* percent of time entry in the program columns.** Non-Reimbursable time is shown in Column 17 or 18, as applicable. The total equivalent work time and cost of support staff will be distributed by the State upon submission of the monthly expenditure report.
3. **Staff Training.** For staff development Personnel the percent(s) of time is entered in the appropriate program column(s) on the Part IB.
4. Overtime by a staff worker in the provision of Energy Assistance may be reported as a separate line entry.
5. When reporting a worker for whom the county is reimbursed from funds provided by an agency other than the Division of Social Services, the percents of time for that worker should be reported in the appropriate program columns, and in Column 18 (when serving ineligibles) should equal 100 percents. In addition, an entry of 100 percent will be made in Column 17. This entry will signal the computer not to reimburse the salary and fringe benefits shown for that worker. The worker’s percents of time in the program columns are used in the cost distribution process.
6. For service programs, direct client/program related time is maintained on a form DSS-4263, Daily Time Report. The form should be maintained in accordance with instructions outlined in the Service Information System (SIS) User's Manual. At the end of the month of service the Daily Time Report is summarized and the percents of time (by program/activity) are transferred to the appropriate column(s) on the Part IA. **A county may use its State-generated Percentage Report to prepare its Part IA when the county believes that the information provided is adequate.**

7. To report staff time associated with the provision of In-Home Services when Social Services Block Grant is desired, enter the percentage of time in column 11. The worker should be listed with the appropriate function code (01, 14, 15, 17, 18, 19 and 39).
8. Service workers who perform case management activities that are associated with the provision of In-Home Services can charge that portion of their time to State In-Home by listing the appropriate percentage of time in Column 13.
9. To report staff time associated with In-Home Services for clients 60 and over and when State In-Home reimbursement is desired, enter the percentage of time in column 13. The worker should be listed with the appropriate function code (40, 41, 42, 43, 44, 45, and 46).
10. Time spent by a social worker providing Permanency Planning activities should be coded as a function code "20" when Special Permanency Planning funding is desired.
11. **Refugee Assistance Services** should only be reported when prior Divisional Approval has been granted to provide refugee services to qualified refugees.
12. Direct services or income maintenance staff whose assigned activities cover more than one program and who will be reported using a single function code (i.e., 01, 64, 99, etc.) may be reported using a one-line entry as stated below.

Example: A social worker providing services in Social Services Block Grant, Permanency Planning, and Title XIX Medical Transportation can be reported as a function code 01 using a one-line entry. The time reported in each program will be automatically reimbursed using the appropriate rates of FFP.
13. The state laws under which fraud can be prosecuted, and current expenditure/time classifications can be allowed, cover only public assistance programs. Therefore, when reporting staff investigating services fraud counties should use the functional code for Service Supervision and Support.
14. To report a social worker with time spent in eligibility determination that is chargeable to *Title IV-E*, a split entry is required with the Title IV-E time reported on Part IB in column 9.
15. **Joint worker classifications of Services and Income Maintenance; and Services and Child Support** (function codes 87 and 88, respectively) **will be reported on the Part IA only**. The joint worker classified as income maintenance and Child Support worker (function code 89) will be reported on the Part IB only.
16. Data entry operators for service programs should be reported on the Part IA as function code 84 (the function code for services support workers). Data entry operators for income maintenance programs should be reported on the Part IB as function code 85 (the function code for income maintenance support workers). No time should be reported in any of the program columns for the data entry operator. The costs for these workers will be distributed in the same manner as other support staff.
17. In-Home Aide Off Site Worker salary and fringe benefit cost may be reported as a summary entry. The entry will be reported on the DSS-1571, Part I-A for State In-Home funds as a

function code 39 for services to clients under sixty (60), a function code 46 for adults sixty (60) and over a function code 39 regardless of age for SSBG funds and a function code 47 for adults over sixty (60) for Home and Community Care Block Grant (HCCBG) funds. (Note: For In-Home Aide Offsite Workers, the day sheet reporting requirements have changed; refer to the SIS user's manual for those changes.)

18. ***Non-reimbursable, Non-Allocable (NON ALL)***

When using this column a total line entry of 200 % is required. This column is used whenever the worker is reimbursed from funds that are not administered by the State DSS. (If such worker is paid half from non-State DSS funding and half from agency funds, a split entry is required). An entry of 100 % in Column 17 offsets any salary reported with the associated overhead going to those program(s) in which the worker's staff time is shown (by 100 % in the appropriate column 9 – 16). If there is an entry in Column 17 for a worker, the personnel costs will not be reimbursed.

19. ***Column 18 - Non-reimbursable, Allocable (ALL)***

Enter the percent of time any worker spends in a non-DSS program or activity, or with an ineligible client. (A non-DSS program is one that is not funded or administered by the Division of Social Services). Entries in this column mean that the salary, fringe benefit, *and* overhead are not reimbursed. If a county wishes to track non-DSS reimbursable costs for service programs within the county department of social services' area of responsibility (e.g., the Long Term Care Screening program) the time should be reported in this column with the worker listed as one of the generic function codes (for services these are function codes 31, 32, 33, 34 and 35). Use of any of these generic function codes is *optional*. Each county can decide whether they want to use any of them at all and also which ones designate which non-DSS reimbursable programs in their county. If a county chooses to use one of these generic function codes, use of the generic code requires an entry of 100% in this column, with the appropriate equivalency entered.

The cost for the activity of certifying *All Program* recipients for the Subscriber Line Charge Credit Waiver Program is non-DSS reimbursable.

20. ***Reporting Supervisory Staff***

Staff reported using the function code 84 are shown with entries for personnel data, salary, etc., and equivalency. No program percent of time will be entered in columns 9 through 16. All positions will be allocated based upon reported equivalent positions for all programs comprising the services function.

21. ***Data Entry Operator for Service Programs***

Operator of the terminal system for service programs will be reported by use of the **function code 84**. No program percent of time will be reported since the position will be allocated to the service programs.

22. *Services Fraud*

The time that an agency fraud investigator spends in the investigation of services fraud will be shown as that same program indicated as having received the fraud investigation.

23. *Reporting Non-Supervisory/Support Staff*

Non-supervisory support staff must use a **function code 84**. All positions will be allocated based upon reported equivalent positions for all programs.

24. *In-Home Off Site Worker*

a. **In-Home Aide Off Site workers rendering in-home aide to clients sixty (60) and over and under sixty (60) may be reported as a summary line entry.** The entry will be indicated as detailed below:

- (1) In-Home Aide FTE will be entered in the Employee Name Column.
- (2) 999-99-999 will be entered as the valid employee identification number in the ID Number column.
- (3) 00000 will be entered in the Position Number column.
- (4) CFTE will be entered in the Job Classification column.
- (5) In the salary paid column show the total salary amount paid for each funding source for the In-Home Aide staff. The total cost for the county share of fringe benefits paid will be shown. The total paid column will be the sum total of salary paid and county share of fringe benefits paid.
- (6) In the function code column enter function code "39" for clients under sixty (60) and function code "46" for adults sixty and over and function code 47 for HCCBG adults over sixty (60).
- (7) In the equivalency column 0.00 will be used. The purpose of an equivalency is to distribute overhead costs to the correct program. In-Home Aide Off site workers overhead will be calculated on the DSS-3538 form.
- (8) Each summary entry for In-Home Aide's salary and fringe benefits cost, the county will enter the percentage only in the following column(s):
 - i) Column 11 for SSBG In-Home
 - ii) Column 13 for State
 - iii) Column 18 for Non-DSS reimbursable.
 - iv) Column 17 for reimbursement of overhead cost only (percentage must equal 200% when column 17 and another column(s) is used).
 - v) Column 18 for HCCBG

The Part IB is for the reporting of program time, salaries, and fringe benefits of agency staff assigned to Income Maintenance activities, Administration, Joint Workers and Training benefiting specific programs for which such costs are required. These workers generally interview clients and determine whether or not they are eligible for Medicaid, Food Stamps, or public assistance programs. Administrative staff generally performs duties that benefit the entire agency. **An example of**

an administrative worker would be the director of the agency or a receptionist answering the switchboard.

Listed below are Helpful Hints on completing the Part IB:

1. **Fraud** - A fraud investigator is a person who determines if fraud has been committed by a client to receive benefits from the local department of social services by supplying false information. For information regarding which activities are eligible or ineligible as fraud control activities, contact the Assistant Chief for Program Integrity.
2. **Food Stamp Issuance Workers** - are considered direct program staff. Use function code 64 when entering time spent by all tellers and support staff directly involved in the issuance of food stamps.
3. ***Energy Assistance Program (ENERGY)***

Eligibility staffs that spend time determining eligibility for the block grant program for Low Income Energy Assistance Payments or Crisis Intervention Payments are required to be reported using the function Code 66. Reimbursement of program expenditures, up to the county's allocated share of administrative funds, will be at 100 percent FFP. When a county has exceeded this allocation, reported costs will continue to accumulate in a separate account code, but with *no* federal or state participation in those costs.

All allowable Energy program activities should also be reported in this column, using function code 66, in order to have these costs reimbursed out of Energy funds. This means that activities of fraud investigators working in the Energy program area should be reported using function code 66, with time shown in this column.

Support costs will be allocated to the Energy program based upon the reported total number of direct eligibility staff equivalents.

4. ***Column 17 - Non-reimbursable, Non-Allocable (NON ALL)***

When using this column an entry of 200 % is required. This column is used whenever the worker is reimbursed from funds that are not administered by the State DSS. (If such worker is paid half from non-State DSS funding and half from agency funds, a split entry is required). An entry of 100 % in Column 17 offsets any salary reported with the associated overhead going to those program(s) in which the worker's staff time is shown (by 100 % in the appropriate Column 9 – 16). If there is an entry in Column 17 for a worker, the personnel cost will not be reimbursed.

5. ***Column 18 - Non-reimbursable, Allocable (ALL)***

Enter the percent of time any worker spends in a non-DSS program or activity, or with an ineligible client. A non-DSS program is one that is not funded or administered by the Division of Social Services. Entries in this column mean that the salary, fringe benefit, *and* overhead are not reimbursed. If a county wishes to track non-DSS reimbursable costs for income maintenance programs within the county department of social services' area of responsibility (e.g., the Food Distribution program), the time should be reported in this column with the

worker listed as one of the generic function codes (for income maintenance, these are function codes 71, 72, 73 and 74). Use of any of these generic function codes is optional. Each county can decide whether they want to use any of them at all and also which ones designate which non-DSS reimbursable programs in their county. If a county chooses to use one of these generic function codes, use of the generic code requires an entry of 100% in this column, with the appropriate equivalency.

The cost for the activity of certifying Work First recipients for the Subscriber Line Charge Credit Waiver Program is non-DSS reimbursable.

6. ***Reporting Support and Supervisory Staff***

Income Maintenance support and supervisory staff should be reported as function code 85. The costs for these workers will be distributed to the income maintenance programs through our cost allocation process. Do not enter any percent of time figures in any of the columns.

7. ***Data Entry Operator for Income Maintenance Programs***

Data entry operators for income maintenance programs should be reported on the Part IB as function code 85. No time should be reported in any of the program columns. The costs for these workers will be distributed in the same manner as other support staff.

8. **Administrative Staff** such as director, administrative officers, accounting technicians, and receptionist **should be reported as a function code 98** with no time in any column.

9. **For Income Maintenance and Child Support Enforcement programs**, direct client/program related time is to be maintained on a form DSS-2203 (Day Sheet). The form is maintained in accordance with instructions outlined in the Division of Social Services Statistical Manual (RPA). At the end of a report period, the DSS-2203 data is summarized on a form DSS-2204, and the worker percentages (by program) are transferred to the appropriate column(s) on the Part IB or IC.

10. A direct income maintenance worker whose monthly activities have included Energy Assistance Program eligibility determination may be reported on one line by using the function code 66 and entering the percent of time worked in the appropriate program columns.

11. **The director of the county agency and the administrative staff are reported on the Part IB.** When reporting administrative staff (Administrative Officer, Accounting Technician, Receptionist...etc.) who have spent time in support of non-reimbursable activities, the appropriate percent of time will normally be entered in Column 18. Such time will draw a portion of any distributed costs.

All Administrative staff should be reported as a function code 98 on the Part IB.

Staff Attorneys

If the attorney is a staff attorney, then he/she should be reported on the DSS-1571, Part I. Time spent providing discrete services (e.g. Adoption Services-Legal) should be reported on the Part IA. For the portion of time spent providing services, the attorney should be listed as function code "01" and the percentage(s) of time should be listed in the appropriate column(s). The time spent providing legal representation for the agency in the income maintenance area (e.g. fraud) should be shown on the Part IB with the appropriate function code. For the time the attorney spends providing general administrative support for the agency, he/she should be coded to the function code "98" (and shown on the IB). Counties should ONLY use function code 98 for staff attorneys when the attorney is providing general administrative support.

The Part IC is used to report the staff that works in the Child Support Program.

Column 9 will be used to report Work First related time and non-Work First related time. The percent of time entered will be transferred from the day sheet summary (DSS-2204) maintained in the county.

Note: Do not use columns 10 through 16.

1. *Completing Column 9 - Part IC (Work First/NON Work First)*

- a. This column is concerned with staff activity relating to either Work First eligible clients or non-Work First eligible clients.
- b. **Direct child support worker's percent of time should be entered in the appropriate column using the function Code 79.** Administrative overhead will be drawn to the program categories based on the equivalency and program time reported.
 - (1) **Support workers will be reported using function Code 86** and no percent of time in the program columns. In this way a support worker's costs will be allocated between the two IV-D program categories based on the number of direct workers reported.
 - (2) All allowable program costs are reimbursed at 66.00% FFP.

2. *Using the Non-Reimbursable Columns*

a. *Column 17 - Non-Reimbursable, Non-Allocable (NON-ALL)*

When using this column a total line entry of 200% is required. This column is used whenever the worker is reimbursed from funds that are not administered by the State DSS. (If such worker is paid half from non-State DSS funding and half from agency funds a split entry is required). An entry of 100% in Column 17 offsets any salary reported with the associated overhead going to those program(s) in which the worker's staff time is shown (by 100% in the appropriate column 9 – 16). If there is an entry in Column 17 for a worker the personnel costs will not be reimbursed.

b. *Column 18 - Non-Reimbursable, Allocable (ALL)*

Enter the percent of time any worker spends in a non-DSS program or activity. A non-DSS program is one that is not funded or administered by the Division of Social Services. Entries in this column mean that the salary, fringe benefit, *and* overhead are not reimbursed.

Equivalencies are reported in Column 2 of all parts of the personal cost statement. **Each equivalency must have two decimal places even if the equivalency is zero. (0.00)**

1. PURPOSE:

The equivalency system is an attempt to facilitate the distribution of administrative "burden" (which is everything from clerical staff salaries, to electricity, to paper clips) to those benefiting social programs by means of a mechanism which we have found to be appropriate-direct worker time. However, in order to make the most equitable distribution, it is necessary to employ a method of distributing this "burden" to direct staff positions according to the proportion that they are using it. Thus, the equivalency system serves as the basis for the assignment of non-direct personnel and associated overhead expenses to each program. The share of overhead that is borne by each program is determined by dividing the total equivalent direct staff in a program by the total equivalent staff in the agency. This fraction represents the share of the overhead that will be charged to or borne by each program.

2. HOW IT WORKS:

- a. The total equivalency entered for any one particular staff worker, regardless of the number of lines and/or Parts I used shall not exceed 1.00 except in making a prior month (s) adjustment, overtime, reporting contracted or temporary employees. **In no case should an equivalency exceed 9.99.**
- b. In general, the equivalency of a worker who is employed in and *fills a position for only part of a month* (in instances such as hirings and terminations taking place in mid-month, or part-time employees) should be prorated. The method for determining the correct proration is to **divide the total days worked by the employee during the month by the total available workdays in the month.** Thus, the equivalency of a worker who is employed less than a full month would be less than 1.00.
- c. As we stated in paragraph 1, the objective of our equivalency system is to facilitate the distribution of overhead "burden" to direct staff positions according to the proportion that they are using it. For our purposes, **a direct worker who is on leave (annual, sick, whatever, with or without pay) for the entire month is employed in but not "filling" the position and would not be considered benefiting from overhead.** Therefore, the turnaround coding for a worker who is on paid leave for the entire month would continue to reflect the worker's salary, fringes, and direct time percentage just as it was shown for the last month during which the person was actually on the job. Commensurately, the turnaround **coding for a worker who is on unpaid leave for the entire month, the direct time percentage would be shown just as it was for the last month during which the person was actually on the job. In both cases, however, the equivalency would be "zeroed" out, because as previously stated, the worker is not benefiting from the overhead, so the position should therefore not be "drawing down" overhead burden.**

This policy also applies to such positions as At Risk Case Management (ARCM) and Community Alternative Program (CAP) workers. To maintain consistency between funding sources, these workers' salaries are recorded as if the person were actually on the job for the leave period. However, it is imperative that no FTE is recorded for this type of situation. No

administrative time may be claimed for ARCM and CAP workers during their absence. By recording a zero equivalency, this will assure there is not duplication of administrative cost being reimbursed.

NOTE: Always show program time when applicable even if salaries, fringes and equivalencies are being "zeroed out". **When the state's computer finds no program time entered for a worker whose function code mandates program time, it rejects the entry.**

- d. **The equivalency** is entered in Column 2 (which can be found, lamentably, between columns 8 and 9) and **must always be shown to two decimal places.**
3. **EXAMPLE SITUATIONS** - All of the following examples are based on the month of May 1993. The examples are based on an 8 hour workday. If a county DSS only works 7½ hours per day, then they should compute equivalencies on 7½ hours per day.
- a. *How to compute the number of workdays available in a given month.*

The number of weekdays less any holidays. The computation of the total workdays in May 1993 is as follows:

Total weekdays (21) less holidays (1) = Total workdays available (20).

 - (1) An employee was hired May 3, 1993. The equivalency would be 1.00. (20 days worked divided by 20 days available.)
 - (2) An employee was hired May 12, 1993. The equivalency would be 0.65. (13 days worked divided by 20 days available.)
 - (3) An employee was hired in January 1992, was on vacation from May 17 through May 31, 1993. The equivalency would be 1.00. Note vacation or sick leave does not affect the equivalency in this example.
 - (4) An employee was on vacation from May 3 through June 1, 1993. The equivalency would be 0.00 since the employee was out the entire month.
 - (5) A part-time employee works 115 hours in the month of May 1993. The equivalency would be 0.72. (The total hours worked (115) divided by (160) (20 days times 8 hours a day) equals 72%
 - (6) Allowable Overtime: Overtime should be reported using the actual FTE (1.00 + the percentage calculated for the amount of time worked over) and should be reported in the month paid.
 - (7) Time Reportable On Two Or More Of The Parts I: A **social worker's** summarized day-sheets show total services provision time of 102 hours [this includes direct service time as well as the general administrative time (except for leave time) associated with the provision of direct service]. In addition, 31 hours were spent during the month in the Energy Program (this includes

general administrative time except for leave time). There were 32 hours on annual leave.

$102 \div 133 = 0.77$ equivalency for services time
$31 \div 133 = 0.23$ equivalency for Energy time
$133 \div 133 = 1.00$ total equivalency

As stated earlier, short-term leave taken by a full-time employee who is filling a position will not cause the equivalency to be less than 1.00. As you can see in the calculation above, however, it is necessary to exclude leave when apportioning the equivalency for a split entry. Please Note: Other types of general administrative time (such as meetings, travel, etc.) are included for purposes of determining equivalencies when reporting the worker in the above example. This is because the amount of general administrative time associated with services provision may widely differ from the amount of general administrative time associated with the provision of an income maintenance program. If equivalencies are calculated using only direct time, a disproportionate share of general administrative cost might be drawn to either services or income maintenance, causing an inequitable distribution of costs. It is essential that meetings, travel, breaks and other general administrative activities be recorded to the daysheet/program associated with those activities so that equivalencies can be accurately calculated. It should be pointed out that this method of including general administrative time when figuring *equivalencies* for joint services and income maintenance workers does not affect how regular Day Sheet and Daily Report Summaries should be calculated; that is, the summaries are used to calculate percentages of time by program (as distinguished from equivalencies) and are figured based on *direct time only*.

Now then, assuming that this worker's salary is \$1200, with 13.7% FICA and retirement, plus \$35 health insurance premium, the correct split entry would be as follows:

	<u>Salary</u>	<u>FR Ben</u>	<u>Tot Pd.</u>	<u>Code</u>	<u>Equiv</u>
Part I-A	924.00	153.54	1077.54	01	0.77
Part I-B	276.00	45.86	321.86	66	0.23

Note that the Services time is reported on a Part IA, the Energy time is reported on Part IB, and the salary and fringes are prorated in the same proportion as the equivalencies.

(8) *Time worked beyond normal work hours*

Any worker's cost for on call, overtime, after hours etc. will be added to their base pay and reported based on the percentage of time determined by the day

sheets and any other normal reporting requirements with the appropriate equivalency.

Any regular social workers cost for on-call, overtime, after hours etc. may require a split entry using the appropriate equivalency and function code based on the percentage of time report.

Split entries are made necessary by a lack of horizontal space on the Part I forms, particularly the Parts I-A and I-B. We only have ten "Percent of Time" columns on each of the Part I forms, and when we have more programs than columns, we must "stack" two or more programs in certain columns in order to get all programs on the form. This presents a difficulty when it develops that a worker has time that should be charged to two or more of those programs that are "stacked" in a single "Percent of Time" column. We solve this problem by using "split entries", a procedure in which we employ two (or three, or four, etc.) entries for the same worker in order to be able to distinguish between the two or more blocks of time that need to be reported in the single column.

Split entries are therefore necessary in at least the following types of situations:

1. Whenever program workers are paid for overtime, and the county wishes to report the straight-time to one program and the overtime to another.
2. When a worker has time that is reportable on the Part I-A (Services), as well as time that is reportable on the Part I-B (Income Maintenance), or any other combination involving Parts I-A, I-B, and I-C.
3. If a supervisor is carrying a caseload and related direct service time is reported on the DSS-4263, a split entry is also required. For example, if a supervisor/support or other administrative person performs a direct service, and that time is reported on the DSS-4263, the portion of their time spent in direct service should be reported as such on the DSS 1571. That is, the supervisor/support staff's FTE will be reported on the DSS 1571 report based on direct time of service to client and supervisory time.

The In-Home Aide program is staffed by employees providing services to clients in their homes, and therefore does not benefit from all the overhead cost as do on-site county staff members. The interim plan of Cost Allocation for the chore program will be to manually identify the cost centers actually benefiting the In-Home Aide program and allocate a share of overhead cost to this program based on its share of the local department's full-time equivalencies. Since most **In-Home Aide workers provide less than full-time service**, each county would convert total working hours per month In-Home Aide activity into full-time equivalency (FTE). The percentage determined by dividing the In-Home Aide FTE by the agency's total FTE is applied to the total of the cost pools benefiting the In-Home Aide program to determine the amount of In-Home Aide overhead to be charged to the activity.

The Form DSS-3538 is to be used each month to calculate the county's overhead to be charged to the In-Home Aide activities. *Counties are no longer required to fax nor mail a copy of the DSS-3538 report to the state office.* Counties will retain a copy for their records as this form will serve as documentation to support the allocation of overhead to the In-Home Aide program and will be subject to audit in the county's single audit process.

Preceding Column One is an informational listing of function codes to assist local departments in determining what to include in the three columns which must be completed. **Function code 01-38 and 40-49 means those staff personnel reported on the 1571 as workers performing work which is reported as function code 01 through 38 and 40-47.** As new codes are added to the 1571, the county will be responsible for including these codes in the proper programs in completing the required columns on the form.

Column 1 will be used to enter the local department's full-time equivalencies by each major program area: Services, Income Maintenance, and Child Support Enforcement. A total FTE for each program area will be shown in the blank space provided, and a sub-total for total FTE's will be shown for the sum of all major program areas. In the space provided below the sub-total, the local department will compute the In-Home Aide FTE's by entering the total paid In-Home Aide hours paid to county staff who provided In-Home Aide services during the reporting period. This total will be divided by total working hours per month to arrive at the local department's In-Home Aide FTE. This computation will be entered on the line provided and then added to the sub-total previously computed, to arrive at the total department FTE.

Column 2 will be used to list the total cost of the times of the items of overhead which benefit the total county department. This would include the cost of salaries and fringe benefits of the Director and other administrative staff (function code 98), as reported on the current month's DSS-1571. General support cost, (program code 311) should also be reported from the current month's DSS-1571 report. Those items of administrative cost on the DSS-Form 3538, beginning with Cost of Space and ending with Board Member Expense will be the amounts reported on the current month's DSS-1571, Part II. The items listed on Form DSS-3538 under Indirect Cost should be itemized by cost pools as shown on the form. The amount to be entered by the local departments will be one-twelfth of the annual amount if the local department's county-wide cost allocation plan itemizes scheduled cost for these cost pools.

For those local departments who use a single rate Indirect Cost Plan, the county department will compute the monthly indirect cost by applying the percentage against the applicable base. The local department will write in the amount from the Indirect Cost line on the DSS-1571 Part II on the line designated as Single Rate Plan Total, in column two of the DSS-3538.

Column 3 is to be used to identify the cost pools that benefit the In-Home Aide Program to any material extent. Each local department should carefully evaluate the function of each cost center shown in Column Two to determine the benefit, if any, to the In-Home Aide program. If after evaluation, it is determined that the cost pool benefits the In-Home Aide program, the amount that is shown in Column Two must be entered in Column Three. If it is determined that no benefit is derived by the In-Home Aide program from a cost pool, then the local department will enter a zero in Column Three. Those cost pools identified by an asterisk (*) on Form DSS-3538 are required to be included in column Three. Other cost pools would be included or excluded depending upon the local department's organizational structure and operational procedures. For those local departments utilizing a Single Rate Indirect Cost Plan, the figure computed and put in column two will be carried to column three.

In-Home Aide supervision is usually provided either by the social worker, the case manager or an In-Home Aide supervisor and is directly charged to the proper program funding source, which allocates overhead to the In-Home Aide program through the normal distribution process. The

Service Supervision and Clerical Support cost centers therefore, provide little benefit, if any, to the In-Home Aide Program. The same would be true for both the Income Maintenance and Child Support supervision and support cost centers.

Upon completion of entering the applicable figures for each cost center in column three, the local department will total columns two and three to determine the total departmental overhead and the total overhead from the cost centers benefiting the In-Home Aide program.

Using the space provided at the bottom of Form DSS-3538, the local department will determine the actual In-Home Aide overhead cost to be reported. This computation will be made by dividing the In-Home Aide FTE by the Total Agency FTE computed in Column One. The answer derived will be a percentage, which will be multiplied by the total shown in Column Three. **The results of this computation will be the amount of In-Home Aide overhead which the local department will report on the DSS-1571, Part II.**

SOCIAL SERVICES FISCAL MANUAL
 REPORTING PERSONNEL COSTS - PART IA, IB, IC
 IN-HOME AIDE OVERHEAD REPORTING

DEVELOPING COST ON THE DSS-1571
 Section III A EXH-1
 Date December 31, 2023

DSS-3538 (12/04) Month of Services _____ 20 _____

WORK SHEET OF OVERHEAD COST BENEFITING
 IN HOME AIDE (OFF SITE) EMPLOYEES
 _____ COUNTY

	Code	(1) Personnel Positions	(2) Total Agency Overhead	(3) Overhead Benefiting In Home Aide
Services Program FTE	1-38+40+41- 47+84+82+83			
Income Maintenance FTE	64-74+85			
Child Support FTE	79+86			
Sub-total FTE				
In Home Aide FTE				
Paid hours of aide				
Activity: _ - (avail. hrs/mo.)				
TOTAL AGENCY FTE				
*Admin., Staff	98			
Admin., Clerical	98			
Administrative	311		XXXXXXXX	XXXXXX XX
Cost of Space (Direct)				
Training				
Professional Fees				
Travel (Admin.)				
Office Supplies				
Equipment (Purchase & Depreciation)				
Equipment Repairs				
*Workers Compensation				
*Unemployment Insurance				
*Board Member Expense				
Other				
*Indirect Cost (Single Rate Plan Total)				
Indirect Cost (Multi-Rate Plan)			XXXXXXXX	XXXXXX XX
Cost of Space				
Professional Services				
*Outside Audit				
Insurance				
Legal Services				
Data Processing				
Purchasing				
*Personnel				
*County Manager				
*Accounting & Budgeting				
TOTAL			\$ =====	\$ =====

IN HOME AIDE Overhead Calculation:
 In Home Aide FTE _____ divided by Total FTE _____ = _____ % X Col. 3 = \$ _____ In Home Aide
 Overhead
 SUPPLEMENTAL INFORMATION: IN HOME AIDE workers #
 *These costs are required to be included in column 3.

Temporary Employees

The information contained here does not contain new policy or procedures; it is intended as a clarification of existing policies. The appropriate reporting method depends upon a number of factors. Following is a brief description of the different ways temporary employees should be reported.

1. *Temporary Employees Hired Through an Employment Agency*

Position numbers are *not* required for temporary employees who are hired through an employment agency.

- a. **If the employees are housed in a DSS building** and receive any supervision or clerical support from a DSS employee there are two basic reimbursement reporting methods.
 - (1) The employees can be reported on the DSS-1571 Part I, with a salary, fringes and total figure indicated (you may have to prorate your total cost in order to show an amount for each employee, if you are paying the employment agency a lump sum and you are hiring more than one employee). The appropriate equivalency should be shown for each employee.
 - (2) You may lump the employees into a single line entry on the DSS-1571 Part I, with zero (0) salary indicated for fringes and total using a "fictitious" name and a "fictitious" identification number. You would have to add together the equivalencies of these employees and enter the combined equivalency on the line. **Please note that our reimbursement system will not accept an equivalency greater than 9.99** (on any one line of the Part I); therefore, if your combined equivalency exceeds 9.99, you would have to have more than a one line entry. The cost should be reported on the *DSS-1571 Part II*, on the appropriate line.
- b. **If the temporary employees are housed in a non-DSS building** and are not supervised or supported by DSS staff, then the cost of these employees can be reported on the DSS-1571, Part II. In this case, no entry would have to be made on the Part I, as no overhead would have to be drawn to these staff costs.

2. *Temporary Employees Not Hired Through an Employment Agency*

- a. For "regular" temporary employees, Regional Personnel Offices do not require job descriptions in advance, but assign a position number to the employee at the time that the employment papers are processed. If an employee (even temporary) is housed in a DSS building (even on a weekend or after hours), then that employee must be reported on the payroll of the DSS and on the DSS-1571 Part I. If the employee receives any supervision or clerical support from a DSS employee, the same rule applies.

- b. If a DSS or if the county contracts with a provider to provide a service (e.g., a contract with a provider for the provider to perform all eligibility determinations for the LIEAP Program) and the employees are temporary, are housed in a non-DSS building and are not supervised or supported by DSS staff, then the costs associated with this contract can be reported on the DSS-1571 Part II, on the appropriate line.

3. *Volunteers*

Sometimes the State Office receives questions regarding what sort of monetary compensation can be given to "volunteers." A "volunteer" may be reimbursed for "out of pocket" expenses incurred in the performance of his/her duties (e.g. mileage costs, registration fees for a meeting). Volunteers may receive compensation for "out of pocket" expenses only to the extent that regular employees of that county's DSS receive such reimbursement. **If a "volunteer" is paid a salary, then he/she is no longer considered a volunteer but is an employee and must be reported for reimbursement in accordance with the procedures for reporting staff costs.** Expenses reimbursed to volunteers may be reported on the DSS-1571 Part II.

4. *Contracted Workers*

When entering into a contract for additional workers, the following methods of reporting should be used:

- a. If a worker is to be housed in the DSS facility and the worker keeps a daysheet and the daysheet is keyed, then the worker can be reported as a normal employee by entering salary, fringes, total paid, equivalency and the percentage of time on the DSS-1571 Part I.
- b. If the worker does not keep a daysheet or the daysheet is not keyed, then the cost or the worker must be reported on the DSS-1571, Part I and Part IV. The Part I must indicate salary, fringes and total as \$0.00. The appropriate function code, equivalency and the percentage of time must be indicated. The total amount paid for salary, fringes and other cost will be reported on the Part IV and broken down to the client level.
- c. If the worker is located outside of the DSS facility then the entry may be reported on Part I of the DSS 1571 report with the equivalency of 0. Counties may use the vendor's name as the employee name and use 999-99-9999 as the employee ID. *Example: Name- Vanguard, Employee ID- 999-99-9999.* All cost should be reported on the Part IV broken down by client, direct cost, indirect cost (if indicated), and service code.
- d. If the worker is located outside of the DSS facility but a clear delineation of supervision exists, i.e., if contract between vendor and agency stipulates supervision, then overhead may be claimed for these workers. Documentation of time charged for these workers should be maintained either by daysheets, certifications or some other type of audit-worthy method. These workers should be

reported on the Part I with equivalent FTEs but with salary and benefits of 0.
Contracted costs should be reported on the Part II (if no Part IV is required by
policy) or the Part IV (if required).

SECTION
III – B

Section III-B Cost Reporting on the DSS-1571 Part II

The Administrative Cost Statement or Part II enables the county to report their costs that are incurred and paid during a month as either direct program charges or as costs to be allocated by the State Division of Social Services. Some contract cost is also reported on the Part II.

Administrative costs must be reported based on the current system your county now uses.

1. If a county directly charge all direct worker's administrative cost (e.g., travel, training) use the appropriate code on the Part II.
2. If a county does not directly charge all direct worker's administrative cost (e.g., travel, training), then report the costs to be allocated to the particular category of program area (349 for services, 359 income maintenance, and 361 for IV-D). **As a general rule and to avoid inconsistent treatment of costs, only expenditures that can be identified to a particular program/service must be direct charged. If all expenditures of a particular type (i.e., travel or training, etc.) cannot be identified to a particular program/service, then the expenditures must be allocated to the appropriate category of program.**
3. The exception to this instruction applies to Code 310 E&E Allowable General Admin Support and Code 311 Non Allowable E&E Indirect Admin Support. Amounts entered in these codes will be distributed to all programs rather than being directly charged. Code 311 will include items that are not in direct support of workers efforts. Examples of costs assigned to this code are advertising cost; retiree benefits; membership fees, subscriptions; publications of a general nature and non-rental Indirect Cost from the Indirect Cost Plan previously report as Indirect Cost in Code 310. Code 310 will include items which are in direct support of workers efforts. Examples of costs assigned to this code are rent; phone; postage; equipment rental; printing charges; building depreciation; capital outlay equipment; Indirect Cost (rental related not reported in Code 311); and professional services including interpreters, and doctor's fees for providing testimonies on behalf of clients.

Direct Charging and Expensing of Equipment

1. Equipment (This includes hardware and software) with a unit cost of less than \$5,000 may be expensed without the approval of the State. Expensing an item means that the entire cost is charged to the current year budget, rather than depreciated and charged over time through depreciation expense or a use allowance. Items, which are expensed, are still subject to cost allocation, unless approval is also granted to direct charge. Approval authority to expense equipment lies solely with the DHHS Controller's Office.
2. Equipment (This includes hardware and software) with a unit cost of less than \$5,000 may be direct charged to a *particular funding source* with the approval of the State. Direct charging eliminates the requirement to cost allocate the purchase price. This type of request requires approval from both the Director of the appropriate operating division and the DHHS Controller.

3. Equipment (This includes software and software) that costs \$5,000 or more must be depreciated. For non-ADP/ADP equipment (e.g. vehicles), the Department has authority for approval of direct charges and expenses. These requests should be submitted to the State, as outlined below. Also, capital leases of \$5,000 or more need prior approval from the State. (See section II-A for a complete definition of Capital Lease)

Effective July 1, 2004 for FY 04-05, it is no longer required that the original signature of the county director, on the request to direct charge and/or expense equipment letter, be mailed to the Controller's Office; it may be faxed to the Controller's office. Electronic signatures and signature stamps are permitted. However, it is the responsibility of the county to establish procedures assuring that only authorized persons have access to facsimile signatures. Regardless of whether a copy of the document is faxed or mailed, counties are required to retain a copy of the document submitted for retention and audit purposes.

Requests to either expense or direct charge, or both, must be made in writing. *A signed letter from the county director on county letterhead along with the Direct Request Charge, Expense, or Depreciate Equipment form must be forwarded to*

Fax to: County Administration Accounting Unit
(919) 715-5847

Mail Original to: Mr. Lem Harris
Office of the Controller
2019 Mail Service Center
Raleigh, NC 27699-2019
ATTN: Myra Dixon

Request to Direct Charge, Expense or Depreciate form, must contain the following:

1. Indicate if the equipment will be a Direct Charge, Expense and/or Depreciate.
2. A detail list of the *number of units* of each item of equipment with the various *unit costs*.
3. An explanation of how this equipment will be used and how it will benefit the local agency and/or the particular program. This must be specific as to utilization by staff or by clients.
4. The person in the county who may be contacted if more information or explanation is needed.
5. If requesting to direct charge to a particular program, a statement that the equipment will be used only for that particular program over the equipment's useful life, and that you accept responsibility for appropriate records.

6. **If requesting to direct charge to a particular program with specific staff workers utilizing the equipment, the county will need to supply the function and column code that is used to report that worker's time. (For further explanations detailing allowable and/or unallowable Direct Charge request, please read the Dear County Director Letter found at**

<https://files.nc.gov/ncdhhs/documents/files/oocontroller/socserv/direct-charging.pdf>

[Appendix V](#)

Reimbursable Cost includes:

Total of costs included for each program/service determined to be matchable with federal and/or state funds. In the event that the county incurs In-Home Services costs that it intends to fund from 100% county money, use fund identification number 4.

Non-Reimbursable Cost includes:

Total of costs included for each program/service which have been determined to be non-matchable either; (a) as outlined in Fiscal Policy, or (b) because the county has voluntarily elected to pay such costs from "all county" funds. You must add the non-reimbursable cost and report it as one total with code 999-1.

Total costs will equal the totals of the reimbursable and non-reimbursable costs.

The following items are considered to be helpful hints in completing the Part II Administrative Cost Statements.

1. ***Share the Light and Wake Electric*** - Counties reporting these expenditures should forward the number of households served each month to: Allison Smith, Energy Programs coordinator, at the Division of Social Services.
2. ***Food Stamp Employment and Training*** - Individuals participating in the Food Stamp Employment and Training Program may be reimbursed actual expenses or a flat monthly fee up to the amount the county has agreed upon per month per participant for costs of transportation or other costs that are reasonably necessary and directly related to participation in employment and training. These costs may be reported for reimbursement on the DSS-1571 by entering the total amount reimbursed to individuals.
3. ***In-Home Aide Overhead (DSS-3538 Form)***-The amount of chore overhead computed on the Form DSS-3538 will be reported on the DSS-1571, Part II as follows:
 - a. The overhead will be reported on the Part II using the same percentages determined by dividing each funding sources hours of In-Home Aide activity by the county's total hours of chore activity. The percentage by funding source will be applied to the total overhead figure computed on the DSS-3538 to determine the overhead by funding source.
 - b. The amount of In-Home Aide overhead determined by the computation on Form-3538 and reported by funding source on the DSS-1571, Part II, is to be subtracted from the total reported in Column 2 on line 311 of the current DSS-1571 Part II. This adjusted amount on line 311 will be distributed to all programs using the current cost allocation procedures.
4. ***Home and Community Care Block Grant (HCCBG)*** - Costs are reimbursed by the Division of Aging for eligible adults sixty (60) and over. The DSS-1571 is a mechanism for tracking costs for only the DSS staff that renders services to those adults sixty (60)

and over. To report the Non-DSS reimbursable Administrative costs for HCCBG enter on line 333 with the fund I.D. "5".

5. ***In-Home Services*** - To report worker's administrative costs use Code 331 (adult day care), 332 (in-home aide), 333 (in-home aide off site), 334 (housing and home improvement) and 335 (Preparation and Delivery of Meals) with fund I.D. "2" (State In-Home funds) for clients under sixty (60), fund I.D. "3" (State In-Home funds) for adults sixty (60) and over fund I.D. "1" (SSBG Regular funds) regardless of ages.

Example: Overhead for off site employees will be reported with a code 333 and fund I.D. "1" for SSBG funds regardless of age. State In-Home funds will be reported with a code 333 with a fund I.D. "2" for clients under sixty (60) and a code 333 with a Fund I.D. "3" for adults sixty (60) and over.

6. ***ADP Equipment and Software Services***

Acquisitions made which serve or benefit only the Services Programs will be reported as Code 380.

Acquisitions made which serve or benefit only the Income Maintenance Programs, will be reported as Code 381.

Acquisitions made which serve or benefit only the Child Support Enforcement Program will be reported as Code 382.

Acquisitions made which serve or benefit the general Administrative functions at the county DSS will be reported as Code 383.

Acquisitions made for the Income Maintenance Programs which are Non-E&E Allowable will be reported as Code 802. (*Active beginning 9/22 svc mth pd 10/22*)

Acquisitions made for General Administrative Functions which are Non-E&E Allowable will be reported as Code 803. (*Active beginning 9/22 svc mth pd 10/22*)

Please note: Counties are advised, with the changes brought on from the installation of North Carolina Families Accessing Services through Technology (NCFAST) to examine the use of ADP codes 380 and 381 for universal workers. If these codes are not applicable in every aspect regarding time and cost distribution for the universal intake worker, then these codes will not be appropriate. Thus, if county workers perform a combination of Income Maintenance, Services and /or Child Support Enforcement activities, application code 383 would be the appropriate cost pool for charging their equipment. Counties should also consider where on the DSS-1571 to record worker's activities. Refer to definitions of DSS-1571 Part 1A, 1B and 1C in Section 1-B Reports of this manual and figure III-B-2 below for additional guidance.

[Appendix VI](#)

- ***The form*** - entitled **Computer Equipment Acquisition Plan** is to be completed for computer hardware and software purchases made by counties. The form should be filed with the Division and a confirmation of receipt memorandum should be received by the county from the Division, before a purchase order is signed to ensure that expenditures will be eligible for reimbursement. The Computer Equipment Acquisition Plan may be submitted after equipment is purchased but the county will run the risk that they will not be able to claim the expenditure for reimbursement if the plan is subsequently not approved. Acquisition Plans should be submitted to Shanna Shaw, Information Systems Manager. Plans may be faxed to Shanna Shaw if there is a tight purchasing deadline, as well plans may be submitted at any time during the year. One plan may be submitted for all purchases for the year or multiple plans may be submitted during the year. As a footnote, *the audit guide for single auditors contains a comparison of the date on the confirmation of receipt memorandum to the date of the purchase order to ensure that counties are in compliance with the Council policy.*
- *If the actual total amount of the acquisition is less than the amount submitted* - on the Acquisition Plan, **no further action is necessary**. Also, the county may change the number of items that are actually purchased as long as no new items are added and/or the total amount on the Acquisition Plan is not exceeded. For example, if a county submits an Acquisition Plan with 8 terminals and 4 personal computers and subsequently decides to make an adjustment and purchase 10 terminals and 2 personal computers, the county may do so without notifying the Division as long as the total amount on the plan has not been exceeded. If the actual total amount of the purchase *exceeds* the total amount on the Acquisition Plan, **a revised plan must be submitted**.

At the onset of each State Fiscal Year a new Acquisition Plan must be submitted, unused portions from prior State Fiscal Year Plans may not be carried forward.

Note: Please refer to section VIII (Special Procurement Practices & Management of Property) of this manual for further detail regarding ADP Equipment.

7. *Functional "Pool"* codes are included for collecting costs that can be readily identified as being chargeable to a group of programs that are providing like-type activities. The pools and their codes and titles are shown below.

Codes for Distributing Pool Costs. Expenditures charged to the "functional pool" codes will be distributed only to the programs and separately reportable activities classified within that pool.

<i>Functional Pool</i>	<i>Code</i>	<i>Title</i>
Services	349	General Services Support
Income Maintenance	359	General Income Maintenance Support
Income Maintenance	801	Non-E&E General Income Maint Sup
Child Support	361	Child Support/IV-D
Administrative Costs	*310	E&E Allowable General Adm Support
Administrative Costs	804	Non-E&E Distributable Admin Costs
Indirect Administrative Support	311	Non-Allowable E&E Indirect Adm Support

* (Distributable to all programs)

8. ***Rules for Charging/Allocating of Attorney's Costs***

Regardless of whether the attorney is a staff attorney or whether the attorney's services are purchased, the following guidelines must be followed when charging/allocating the associated costs.

Basically, the rule is to direct charge all costs of legal services or allocate all costs. Costs direct charged to one program must also be direct charged to all programs [an

administrative cost pool (such as code 310 on the DSS-1571, Part II) can be considered a program].

Example, if an attorney provides services to the agency on behalf of Foster Care Children, the time spent in those activities can appropriately be direct charged to Social Services Block Grant on the DSS-1571, Part II. The remainder of the attorney's time must also be direct charged. If the remainder of his/her time was spent on personnel matters for the entire agency, then that time could appropriately be "direct charged" to code 310 on the DSS-1571, Part II, since those activities were beneficial to the agency as a whole (including S.S.B.G.).

9. ***General Information on Attorney Services***

As part of a county's established plan for the provision of services they may purchase an attorney's service. Contracts should be negotiated in accordance with policies.

The cost of legal services required in the administration of the grant programs is allowable. However, **the costs of legal services provided by the county attorney (or for that matter, any attorney) are unallowable if there is no material benefit to social services programs.** This category would include the costs associated with legal services provided as a part of the county attorney's official duties, such as in his or her capacity as legal advisor to the county commissioners.

10. ***General Contract Information***

Effective for the State Fiscal Year 2007, the Division of Social Services in coordination with the Division of Aging and Adult Services, have developed new contract procedures that replace the Family Services Manual, Chapter IV Volume VI. Forms for contracts and additional information can be found at:
<http://www.dhhs.state.nc.us/dss/budget/contracts.htm>

11. ***Non Reimbursable Cost***

Use Fund ID 4 when reporting Non-reimbursable costs.

12. **Program oriented training costs must be allocated at the county level using a reasonable and documented method.** Such costs are reported only as direct program

costs. General administrative and clerical workshops should be allocated using the Code 310.

The following are reportable as program training costs:

- a. Social Services Block Grant - Payment for books; training supplies and equipment; tuition, registration fees for training sessions; travel and per diem for trainees; cost of space rented for training.
- b. Food Assistance - covers *only* in-service training specific to the Food Stamp Program. Training is covered under administrative costs; no separate training funds available.

Documentation is required at the county level to support agendas and costs.

13. Administrative attorney fees which benefit the county agency as a whole are includable as Distributable Program Costs, Code 310. Such costs will be distributed to *all* agency programs. **Child Support Enforcement (IV-D) legal fees are to be reported on the DSS-1571 Part II.**
14. **The costs of interpreters for the deaf when hired to permit a client to gain access to services are reported for reimbursement see Section II A page II A-1 number B-1.**
15. ***Travel***
 - a. *County staff* are authorized reimbursement of actual cost for official travel that is based on, (1) a county-wide travel plan that has been approved by the county board of commissioners and placed on file or, (2) in the absence of such a plan, in accordance with state policy for official travel.
 - b. ***Direct staff* travel may be (1) direct charged by reportable program/service or (2) reported as a distributable cost using either functional "pool" Code 349, 359, and 361, as appropriate.** Do not report travel of *direct staff* as Code 310 or 311 since this would result in a portion of Services travel (for example) being allocated to Income Maintenance. **Travel of *administrative staff* should be reported on Program Code line 310** since those costs are appropriately distributable to all programs. Travel of *Supervision and Support Workers* (worker function types 82, 83, 84, 85, 86) *must* be reported on code line 349, 359, or 361, as appropriate. Travel of *Joint Workers'* (function types 87, 88, 89, 90, and 91) *must* be reported on Code line 310.

Note: Regarding Medicaid Non-Emergency Medical Transportation (NEMT). If a staff person use his/her personal vehicle to transport clients, they will need to report the cost on the DMA 2055. That cost will not appear on the DS 1571-report. Below is the link for the DMA form.

<https://files.nc.gov/ncdma/dma-2055--1-.xls>

- c. **Registration fees** for DSS employees to attend program related meetings, conferences, workshops, seminars, and institutes **are allowable. See Section II A, page II A-8, Bullet Point J.**

16. **Transportation**

Whether client transportation services are provided or purchased, transportation costs should be separately identified. Costs incurred for the provision of transportation for clients should be reported by the appropriate program/service. Transportation costs may be categorized as:

- a. Staff time – Time reported for staff members who provide client transportation services (example: coordinating, arranging or driving clients) should be reported as transportation related on the DSS-1571 Part IA, when this is their primary job responsibility.
- b. Purchased Services – SSBG transportation services which are identifiable by client should be reported on the DSS-1571 Part IV using a SIS client ID. Costs for contracts and other purchased transportation services not specifically identifiable to the client level should be reported on the DSS-1571 Part II.
- c. Other client related transportation costs – Other transportation related costs determined allowable by specific program guidelines should be reported on the DSS-1571 Part II (example: car repair maintenance, insurance, etc for Work First clients).
- d. Agency vehicle costs - Operating and maintenance costs for agency vehicles used to provide client transportation services must be reported in the same manner as the vehicle purchase was originally reported (example: direct charged versus cost allocated). These include such costs as repairs, automotive supplies, inspections, etc.

17. **Supplies**

Supplies which are client only related and that can be identified to a specific program/service without resulting in the subsequent allocation of similar other costs to the same program *may be direct charged*. An example of directly chargeable supplies might be supplies used in the Homemaker program. General office supplies should, in most cases, be reported on Line 310 and distributed to all programs.

18. Enter the following costs on Program Code line 310, E&E Allowable or Program Code line 311 Non-Allowable E&E.

- a. **Indirect cost is an allowable cost provided a county has a current accounting plan on file and has certified such in writing to the County Administration Branch.** Include the monthly amount of Indirect Cost on line 311 from the Indirect Cost Plan which is non rental. Enter on line 310 the remaining portion of Indirect Cost. The Indirect Cost amount must also be entered in the space appearing just below the sub-total.

- b. **Maintenance and repair of equipment** costs incurred to maintain and repair equipment used in the administration of DSS programs, which neither increase the value nor appreciably prolong the useful life of the equipment, but keep it in efficient operating condition are allowable and should be entered on Program Code 310.
 - c. **Worker's Compensation and Unemployment Insurance.** Due to the nature of this expense the total amount to be reported shall be entered as code 310. Allocation will be done as a part of the reimbursement process by the Division. It is possible to direct charge Worker's Compensation costs; however, the county that chooses to do so must be careful to fully support any method used for the distribution during a program review or audit and the County must report the expenditure on Part II of their counties 1571 report. Thus regardless of the method used for reporting, Worker's Compensation is only reportable on the Part II.
 - d. **Allowable Board Member expenses** are reported with Program Code 311.
 - e. **Telephone and Postage** included on line 310 (distributable program costs) if the cost cannot be identified to specific program/service.
 - f. **Office supplies** - Same as above.
 - g. **Travel and Training Function Code 98** - Staff should be reported on Program Code 310
19. **MIC-1/NC Health Choice** – Program code 441. Fees should no longer be assessed or collected.
20. From the Joint State County Relations and NCACDSS Executive Board Meeting; Effective July 1, 2023: Counties will begin receiving reimbursement via direct deposit for all county issued checks to non-enrolled energy providers instead of claiming reimbursement through the 1571 process. This payment functionality will be used for the current county issued checks for Crisis Intervention Program (CIP), Low Income Energy Assistance Program (LIEAP) and all private funding sources such as Share the Light and Share the Warmth. Continue to report all prior year payment returns using 1571 report as a negative value. Click below link for Dear County correspondence regarding revised payment information.

[Energy Provider Direct Deposit Enrollment](#)

- 21. Indirect cost must be included on the Part II and not just on the Statement of Administrative Costs.
- 22. The amount of non-reimbursable overhead expenditures calculated on Form 3538 must be subtracted from line 310 on the DSS 1571, Part II.

23. A table of current Part II Codes with Application Codes follows:

Code Part II	Fund No.	Application Code	Description
383	1	383	ADP EQUIPMENT GENERAL ADMINISTRATION
381	1	381	ADP EQUIPMENT INCOME MAINTENANCE
382	1	382	ADP EQUIPMENT IV-D
380	1	380	ADP EQUIPMENT SERVICES
802	1		NON-E&E ADP EQUIPMENT INCOME MAINTANCE
803	1		NON-E&E ADP EQUIPMENT GENERAL ADMIN
170	1	170	ADULT PROTECTIVE SERVICES-SSBG
494	1	494	APS-ARPA-SSA
303	1	515	APS CARE COVID19
493	1	493	APS ESSENTIAL SVCS
396	1	364	CCDF ADMINISTRATION
397	1	363	CCDF ADMINISTRATION SPECIAL
370	1	370	CCDF FRAUD INVST
496	1	496	CCU 75%
497	1	497	CCU ASSIST
207	1	207	CHILD AND FAMILY ENRICHMENT TANF 100 % FEDERAL
205	1	205	CHILD CARE TANF 100% FEDERAL
361	1		CHILD SUPPORT IV D
252	4	252	CNTY PROG 32
255	4	255	CNTY PROG 35 COL 9
256	4	256	CNTY PROG 31
263	4	263	CNTY PROG 34
301	4	301	CNTY PROG 35
400	4	400	CNTY PROG 71
309	1	516	CPS CARE COVID19
372	1	372	CRISIS INTERVENTION PROGRAM
136	1	136	COM RESPONSE PGM
105	1	105	CONTRACT SVC GUARDIANSHIP
499	4	499	CONTRACT SVC GUARDIANSHIP NON REIMB
379	1	379	CRISIS INTERVENTION PROGRAM AUDIT/PRIOR YR REFUNDS
345	1	040	DAY CARE CHILDREN SSBG
398	1	398	DCD SMART START
346	4	346	DCD SMART START NON REIMBURSABLE
427	1	427	DMA EQUIPMENT 75%
227	1	227	EA CASH TANF 100 %
358	1	406	ENERGY ASSISTANCE PROGRAM (LIEAP)
373	1	373	SHARE THE LIGHT
323	1	080	FAMILY PLANNING
245	1	245	FOOD STAMP EBT TRAINING
458	1	458	FOOD STAMP EMPLOYMENT AND TRAINING

Code Part II	Fund No.	Application Code	Description
354	1	405	FOOD STAMP FRAUD
456	1	456	FOOD STAMP NO STATE ADMINISTRATION
404	1	404	FOOD STAMP NON FRAUD
362	1	408	FOOD STAMP OTHER
096	1	096	FOSTER CARE CASE WORKER VISIT
310	1		GENERAL ADMINISTRATIVE SUPPORT
804	1		NON-E&E GENERAL ADMINISTRATIVE SUPPORT
359	1		GENERAL INCOME MAINTENANCE SUPPORT
801	1		NON-E&E GENERAL INCOME MAINT SUPPORT
349	1		GENERAL SERVICES SUPPORT
078	1	078	HAYWOOD ELECTRIC MEMBERSHIP CORP/HEMCP
333	5	157	HCCBG IN HOME 60 AND UP OFF SITE
332	5	157	HCCBG IN HOME 60 AND UP ON SITE
433	1	433	HEALTH COVERAGE FOR WORKERS WITH DISABILITES
334	3	152	HOUSING AND HOME IMPROVEMENT 60 AND UP
334	1	140	HOUSING AND HOME IMPROVEMENT SSBG
334	2	145	HOUSING AND HOME IMPROVEMENT STATE
411	1	411	IM DSNAP REIMB
529	4	529	IM DISASTER NON-REIMB
331	3	154	IN HOME ADULT DAY CARE COORDINATOR 60 AND UP
331	1	030	IN HOME ADULT DAY CARE SSBG
331	2	035	IN HOME ADULT DAY CARE STATE
313	4	313	IN HOME ADULT OVERHEAD NON REIMBURSABLE
308	1	308	IN HOME AIDE OFF SITE SSBG
333	3	156	IN HOME AIDE OFF SITE 60 AND UP
333	1	308	IN HOME AIDE OFF SITE SSBG
333	2	311	IN HOME AIDE OFF SITE STATE IN HOME
333	4	313	IN HOME AIDE OVERHEAD NON REIMBURSABLE
332	3	150	IN HOME AIDE ON SITE 60 AND UP
332	4	021	IN HOME AIDE ON SITE NON REIMBURSABLE
332	1	020	IN HOME AIDE ON SITE SSBG
332	2	022	IN HOME AIDE ON SITE STATE IN HOME
432	1	432	IV-D BLOOD TEST
450	1	450	IV-D COOPERATIVE AGREEMENTS
791	1	791	IV-D CSE DISASTER NON-REIMB (TEMP ACCESS)
423	1	423	IV-D GOVERNMENT SERVICE CONTRACT
123	4	123	IV-D NON REIMBURSABLE INCENTIVE
424	1	424	IV-D PATERNITY TEST FEES
449	1	449	IV-D PRIVATE SERVICE CONTRACT
133	1	133	IV-E ADOPTION TRAINING
095	1	095	IV-E ADOPTION TRAINING (PARENTS)

Code Part II	Fund No.	Application Code	Description
363	1	431	IV-E ELIGIBILITY DETERMINATION
431	2	431	IV-E ELIGIBILITY DETERMINATION
336	1	336	IV-E FAMILY FINDING PLT
364	1	407	IV-E FOSTER CARE TRAINING
097	1	097	IV-E FOSTER CARE TRAINING (PARENTS)
302	1	302	IV-E OPTIONAL ADMIN-FOSTER CARE
304	1	304	IV-E OPTIONAL ADMIN-ADOPTION
132	1	132	IV-E OPTIONAL ADMIN ADOPTION TRAINING
355	1	355	IV-E/STATE FOSTER CARE
230	1	230	IV-E STATE FINGER PRINTING CRIMINAL HISTORY CHECK
074	1	074	IV-E/CPS COUNTY
492	1	492	LIEAP ARPA ADM
498	1	498	LIEAP ARPA
416	1	416	LIHWAP ARP (county check write payment)
418	1	418	LIHWAP ARP ADM
352	1	352	LIHEAP BENEFIT PAYMENTS
360	1	360	LIHEAP PRIOR PERIOD/AUDIT ADJUSTMENT
495	1	495	LIHEAP SUPPLEMENT IJA
377	1	377	LIHWAP CAA (<i>inactive</i>)
410	1	410	LIHWAP CAA ADM (<i>inactive</i>)
290	1	290	LINKS
480	1	480	MAC Apps/Outr
518	4	518	MEDICAL VEHICLE NON-REIMB
412	1	412	MEDICAL ASSISTANCE ADMINISTRATION
357	1	429	MEDICAL ASSISTANCE TRAINING
375	1	375	MEDICAL TRANSPORTATION ADMINISTRATION
440	1	440	MIC-1/NC HEALTH CHOICE
441	1	441	MIC-1/NC HEALTH CHOICE FEES
483	1	483	MIC-1/NC HEALTH CHOICE LOCAL
311	1		NON ALLOWABLE E&E INDIRECT ADMIN SUPPORT
502	4	502	NON ELIGIBLE EMERGENCY ENERGY ASSISTANCE
506	4	506	NON-ELIGIBLE-CPS
507	4	507	NON ELIGIBLE-FOSTER CARE
508	4	508	NON ELIGIBLE HOME & COMM
272	1	272	NON IV-E CPS
009	1	354	NON IV-E FOSTER CARE
231	1	231	NON IV-E ST FINGER PRINTING CRIMINAL HISTORY CHECK
286	4	286	NON REIMBURSABLE MEDICAL CMS
335	4	187	PREPARATION AND DELIVERY OF MEALS NON

Code Part II	Fund No.	Application Code	Description
			REIMBURSABLE
335	2	185	PREPARATION AND DELIVERY OF MEALS- STATE <60
343	1	389	REFUGEE SERVICES
065	1	065	SHARE THE WARMTH
444	1	444	ST/CNTY SPECIAL ASSISTANCE 50/50
090	1	090	PERM PLAN ADOPT SERV
368	1	368	PERM PLAN FOS CARE SERV
491	1	491	SSBG FAMILY SUPPORT SERV
321	1	395	SSBG FEDERAL-FOSTER CARE
101	1	101	SSBG FEDERAL-HOME & COMM SERV
274	1	274	STATE IV-E CPS 50%
190	1	190	STATE IN HOME 17 AND UNDER
530	4	530	SVC DISASTER NON-REIMB
226	1	226	TANF ADMIN 100 % FED-WFFA
085	1	085	TANF ADOPTION SERV
203	1	203	TANF CASE MGT NO ELIG
406	1	358	TANF CPS SERV
053	1	053	TANF FAMILY SUPPORT SERV
055	1	055	TANF FOSTER CARE SERV
204	1	204	TANF OTHER 100 % FEDERAL
200	1	200	TANF PARTICIPATION EXP
060	1	060	TANF SERV 100% FED-FOS CARE
089	1	089	TANF SERV 100% FED-ADOPT
238	1	238	TANF SERV 100 % FED-WF EMP SVC
088	1	088	TANF TO SSBG-ADOPTION
050	1	050	TANF TO SSBG-FOSTER CARE
206	1	206	TANF TRANSPORTATION 100% FEDERAL
106	1	106	WAKE ELECTRIC ROUND-UP
043	1	043	WF CASE MANAGEMENT NO ELIG
277	1	277	WF HOUSING OTHS (MOE)
276	1	276	WF HOUSING OTHS 100 % FED.
232	1	232	WORK FIRST CASH
225	1	225	WORK FIRST CHILD CARE
233	1	233	WORK FIRST EDUCATION & TRAINING 527
246	1	246	WORK FIRST EDUCATION & TRAINING 100% FEDERAL
340	4	340	WORK FIRST NON REIMB-WF EMP SVCS
049	1	049	WORK FIRST SVC-WF EMPLOY SVCS
235	1	235	WORK FIRST PARTICIPATION EXPENSES 537
221	1	221	WORK FIRST PURCHASED SERVICES
234	1	234	WORK FIRST TRANSPORTATION 532

Please Note: Not all Part II codes are available to be used by all counties. Please review your “Dear County Directors” letters that were mailed to the county directors and the letters are

also located on the North Carolina Department of Health and Human Services, Office of Controller's website.

SECTION
III – C

Section III-C Purchased Services Reporting DSS-1571 Part IV

The DSS-1571, PART IV contains a six-block heading, a client service information section, and payment data showing to which costs were paid by the provider and the total cost of each client's units of service received. A fund column is provided to identify a specific fund source.

The following manuals should be referenced for information regarding eligibility category codes, service codes, and units of service:

1. **Eligibility Category Codes** - Category codes are no longer needed for Part IV reporting effective July 1, 1993.
2. **Service Codes** - The Services Information System (SIS) User's Manual.

Contract Reporting Procedures:

When entering into a contract for services, one of the following methods of reporting must be used:

- a. If the person providing the service (contracted worker) is stationed **on-site** in the DSS facility and **completes a Day Sheet that is keyed into SIS**, the following reporting procedures are applicable:

Part I: Report the worker as any other staff member (e.g.; salary and fringes)
Part II: Enter all cost **other than** salary and fringes (e.g.; indirect costs, travel, supplies, etc.)

- b. If the person providing the service (contract worker) is stationed on-site in the DSS facility **but does not complete a Day Sheet**, the following reporting procedures are applicable:

Part I: Report the worker as any other staff member **except** show the salary and fringes as equal to \$0.00. Show the related equivalency for the worker.
Part II: Enter the contract cost.
Part IV: Report all costs broken down to the client level. Direct and indirect costs must be separated and reported in the following manner:

- (1) All direct costs (e.g., salary, fringes, travel, supplies, etc.) are to be reported in proportion to the client's level of service. **The appropriate Fund ID code should be reported.**
- (2) All indirect costs are to be reported in proportion to the client's level of direct costs. **The appropriate Fund ID code should be reported.**

- c. If the person providing the service (contracted worker) is housed **outside** of the DSS facility, the following reporting procedures are applicable:

Part II: Enter the contract cost.

Part IV: Report all costs broken down to the client level. Direct and indirect costs must be separated and reported in the following manner:

- (1) All *direct* costs (e.g., salary, fringes, travel, supplies, etc.) are to be reported in proportion to the client's level of service. **The appropriate Fund ID code should be reported.**
- (1) All *indirect* costs are to be reported in proportion to the client's level of direct costs. **The appropriate Fund ID code should be reported.**

Contract Reporting Requirements:

When entering into a contract, the following method of reporting must be used:

Part IV: Report costs by client based on the level of service received. **The appropriate Fund ID code should be reported.**

Child Day Care (State Subsidy, CCDF Payments, etc.) is not reported on the DSS-1571 report.

Who submits?

1. **The DSS-1571, Part IV is transmitted by counties to the State to cover the provision of purchased services.**
2. Providers under contracts should submit the Part IV (or an invoice which contains all necessary information) to the county monthly, in time for the county to use that information to complete a DSS-1571 Part IV. **All Part IV's should be submitted together with the regular county submission.**
3. **For counties that began participating in the Food Stamp Workfare program after July 1, 1986, reports of payments for work related expenses are to be reported as follows:**
 - a. Payments for essential expenses (other than transportation expenses) required for participation in job preparation activities and/or to meet worksite requirements (e.g., fees for job preparation training, uniforms, shoes) should be reported on the Part IV using service code "515" and Fund ID "H".
 - b. Payments for transportation (as defined in this category) should be reported on the Part IV using service code "567" and Fund ID "H".

This category includes reimbursement to participants, transportation provided under contract and bus tokens provided by the county.

4. ***Purchased Attorney Services***

If the attorney's services are purchased, costs should be reported as follows:

- a. **If the attorney is providing a legal component of a service to a *client*, it must be reported on the DSS-1571 Part IV.** In this case, a DSS-5027 will have to be prepared for each client in question.
- b. **If the services have not been identified as being services to clients, but are directly and tangibly beneficial to the *agency* in the furtherance of its social services programs, the costs are to be reported on the DSS-1571 Part II as *administrative support*.** The services must be in conformity with a written contract that specifies terms and conditions, which have been properly executed, and which is on file with both parties prior to requesting reimbursement.

If the attorney provides *general administrative support* to the agency, the costs should be reported to program code "310" on the Part II. Other activities of the attorney, which may be related specifically to either the services area or to income maintenance, be charged to the program "pool" code "349" or "359", as appropriate. The attorney's costs may be direct charged to an individual funding source line, as long as all costs are direct charged.

If the attorney is providing a legal component of a service to represent the agency (e.g. representing the agency in Protective Services cases), those costs can be lumped and reported on the Part II, coded to the appropriate funding source. It is not necessary to report such costs on the Part IV, since we do not require client specific information for the attorney's time when he/she is representing the agency. Those activities could properly be considered as "administrative support."

***Please note:* If the attorney is providing a legal component of a service, regardless of whether the attorney is representing the *client* or the *agency*, and regardless of the reporting method chosen, a contract must be completed.**

5. *Consumer Contributions (formerly Service Cost –Sharing)*

Effective March 1, 1994, and amended August 1, 2005, the Social Services Commission requires that individuals be offered the opportunity to contribute to the following five services:

- a. Adult Day Health
- b. Adult Day Care
- c. In-Home Aide services
- d. Housing and Home Improvement, (Renovation/Repairs and Furnishing/Appliance purchases only)
- e. Preparation and Delivery of Meals
- f. Personal and Family Counseling

While all consumer contribution revenues are voluntary, the contributions must be reported on the DSS-1571, Part IV for the service month collected. Although the contributions are not considered “fees,” for the purposes of the DSS-1571 use the “Fees Collected” Column to document consumer contributions revenues received for the service(s) provided to a client that month.

Some of the fund ID codes for these services that may have consumer contributions are as follows:

- (a) SSBG 3
- (b) SSBG In home 4
- (c) State In home under 60 8
- (d) State In Home 60 and over 7
- (e) Special Federal ADC under 60 A
- (f) Special Federal ADC 60 and over M
- (g) Special State ADC under 60 D
- (h) Special State ADC 60 and over F

NOTE: Consumer Contributions Policy can be found in the Division of Aging and Adults Services Manual, Chapter 1 – Consumer Contributions Policy and Procedures.

6. ***LINKS Purchased Service*** must be reported on the DSS-1571 Part IV. Enter a fund I.D. "K".

7. **The following codes should be used, depending upon which funding source you wish to obtain reimbursement from.**

Social Services Block Grant In-Home - If you wish to have your Adult Day Care purchased service costs reimbursed from S.S.B.G. In-Home; you should enter a fund I.D. 4 on Part IV of the DSS 1571 transfer file.

State In-Home - If you wish to have your Adult Day Care purchased service costs reimbursed from your State In-Home allocation, you should enter a fund I.D. "8" for clients under sixty (60) and "7" for adults sixty 60 and over on Part IV.

Special Adult Day Care - If you wish to have your Adult Day Care purchased service costs reimbursed from your Special Adult Day Care allocation, you should enter a fund I.D. “A” or “D” for clients under sixty (60) and "M" or “F” for adults sixty on Part IV.

8. ***Child Support Fee Collecting***

When reporting child support fee collections, you must identify the client, enter the SIS identification number, and record the fee amount in the imposed and collected columns. Remember *No entry* is required in column amount because the collection serves as an offset to expenditures. Also, the Service code 435 or 436 and the Fund I. D. "3".

The following instructions describe what is reported on the Part IV.

County/Provider ID

County ID: Those counties which are submitting the Part IV as a part of their monthly administrative report (DSS-1571, Parts I and II) **should enter their standard three-digit county number** (e.g. Alamance County would enter 001).

Provider ID: Providers submitting the Part IV should enter their six-digit assigned provider ID number.

Month of Service

Enter the month of services covered by the report as two digits (January would be shown as 01; February, as 02; etc.). Enter the last two numbers of the calendar year.

Name

Enter the county name for programs operated by county departments of social services and the program name for all programs operated by other service provider agencies.

Method of Service Provision

Indicate in the appropriate block the method through which services were provided.

Direct Provision - includes services directly *provided* to recipients by staff employed in agency operated facilities. For reporting purposes, *Cash Payment Chore* will be checked as Direct Provision.

Purchase Public - includes services *purchased* by county departments of social services for recipients through contractual agreements with other public agencies.

Purchase Private - includes services purchased by county departments of social services through contractual agreements with private non-profit and/or proprietary organizations.

Recipient Name - List the name of each recipient by last name, first name (or initial), and middle initial. (Note: For alcohol and drug programs, the recipient's case file number must be entered instead of his/her name).

Recipient Identification Number and Service Code

Enter the eleven digit client identification number, or MPI number, category code, and service code of the reported client. A service code must be shown for each client reported regardless of whether they are eligible or ineligible.

If a recipient receives more than one service and/or service component, a separate line entry must be made for each service code indicating the recipient's name and ID number.

NOTE: Total Allowable Cost Reimbursement Method Only

Total Cost Reporting Only:

For ineligible clients served complete as outlined herein.

Authorized Rate

This column is not applicable to the Total Allowable Cost Reimbursement Method.

Unit Cost/Fixed Rate - Enter the approved rate of payment per unit of service for each recipient. In those cases where rates are not established on the same basis as the defined unit, such as adult day care services and transportation, enter the approved authorized rate indicated in service contract. If a recipient receives a service at more than one rate, a separate line entry indicating the recipient's name, ID number, category code and service code must be made for each authorized rate.

Units Provided

Enter the number of units of service provided or purchased for each client being reported. **Whole units should be entered as 1.00 and partial units as 0.25, 0.50, and 0.75, as applicable.**

Invoice for Service Payments

a. *Unit Cost and Fixed Rate Method*

Do not use these columns.

b. *Total Cost Method*

SVC Date

Enter month and date on which expenses were incurred for the direct recipient expense. **Do not report any cost until it has been recorded in the county accounting records as an expense.**

Fees

All imposed fees that are collected must be reported on the DSS-1571 Part IV. The appropriate funding source (Fund ID) must be representative of the same program to which the workers' time is charged. (Fees should not be reported as collected until they have been paid to the DSS.) A workers' time should not be reported as non-reimbursable on the basis that the fee collected is used to off-set the salary.

Federal	State	County	Fund ID Codes	Program
100.00			1	Refugee Assistance
	75.00	25.00	2	SSBG State
75.00		25.00	3	SSBG & State In-Home
66.00		34.00	3	IV-D
87.50		12.50	4	SSBG In-Home
		100.00	5	HCCBG CARES
		100.00	6	HCCBG 60 & Up
87.50		12.50	7	STIH Adult 60 and over/Prep & Del
87.50		12.50	8	State In-Home under 60
		100.00	9	Adoption Access Case Management
		100.00	9	County Only/Non-DSS (do not use with app code 435)
		100.00	9	Work First Block Grant Non Reimb.
87.50		12.50	A	Sp Federal Adult under 60
		100.00	B	HCCBG
	87.50	12.50	D	Sp State Adult under 60 State
	87.50	12.50	F	Sp State Adults 60 and over State
75.00		25.00	G	Permanency Planning
75.00		25.00	H	Adult Protective Services-SSBG
		100.00	J	Adoption Access
80.00	20.00		K	LINKS
75.00		25.00	L	TANF to SSBG
87.50		12.50	M	Sp Federal Adults 60 and over
	100.00		N	CPS State
87.50		12.50	P	State In Home 17 and Under
75.00		25.00	P	Transportation Prior to Nov 2019
100.00			Q	TANF CPS & FC/Adoption
50.00		50.00	R	IV-E Optional Foster Care
50.00		50.00	S	F.S. Emp. & Tr. Supp. Services
100.00			T	Work First Service 100 %
	100.00		U	Smart Start
			W	Work First Block Grant (Various)
100.00			V	Family Reunification Fund
50.00		50.00	X	IV-E Optional Adoption
		100.00	X	Adolescent Parenting Non Reimb.

Please Note: The above Part IV Fund ID codes are not the same codes as the program codes that are listed in the SIS Manual Appendix C.

Please Note: Not all Part IV codes are available to be used. Please review your “Dear County Directors” letters that were mailed to the county directors and the letters are also located on the North Carolina Department of Health and Human Services, Office of Controller’s website.

SECTION
III - D

Section III-D Title IV-D Child Support Enforcement Program

The purpose of the IV-D Child Support Expenditure report is to report the administrative costs and purchased services costs incurred by county DSS agencies or county designated non-DSS agencies so they can be reimbursed from funds available from the Division for the Child Support Enforcement program. All cost reported must be in compliance with the provisions of Section II of this Fiscal Manual and provisions and policies of Child Support Enforcement.

General Information

Reports of administrative program costs and purchased services are prepared by county DSS and non-DSS IV-D agencies and submitted to the County Administration Accounting Unit. Reports are to be submitted in accordance with the instructions contained in this section.

Counties which operate the IV-D Program may enter into a contract between the sheriff and the DSS Director (or the IV-D Director for counties where IV-D is not under the DSS) in which reimbursement claims are based on the total annual cost of sheriff's services provided on behalf of IV-D as documented in the indirect cost allocation plan. Under this method, one-twelfth of the annual total identified in the indirect cost allocation plan for sheriff's services would be reported each month on the DSS-1571 with the new Part II code under the title of "IV-D Government Service Contract". This new Part II code should be used for the former Type Expenditure Code A for *Purchase of Service Contract Government* found on the former form DSS-1321 that was previously used for reporting these costs.

1. *Form Format*

Child Support Enforcement program costs for reimbursement are to be reported using the following forms:

DSS-1571, Part IC Personnel Cost Statement
DSS-1571, Part II Statement of Administrative Costs
DSS-1571, Part IV Monthly Report of Services

2. *Forwarding*

- a. The County DSS IV-D agency's personnel and other administration costs are included in the regular county DSS report. (DSS-1571, Part IC, Part II, and Part IV). This county report is submitted regularly and is an integral part of the monthly county reimbursement. **All reports shall be uploaded successfully by the 15th of each month.**
- b. Non-DSS County IV-D agencies shall submit the DSS-1571, Part IC, Part II and Part IV to the County Administration Accounting Unit. **All reports shall be uploaded successfully by the 15th of each month.**

Other Information

1. *Personnel Cost Statement, Part 1C*
 - a. The county DSS Child Support agency personnel data is submitted as an integral part of the department's regular monthly expenditure report. New staff listings are made using the DSS-1571, Part 1C.
 - b. Non-DSS County IV-D agencies complete and submit the Personnel Cost Statement (Part 1C) each month. New staff listings are made using the DSS-1571, Part 1C.
2. *New Part II Codes to claim reimbursement through the DSS-1571 for the Title IV-D Child Support Enforcement Program have been established to replace reporting previously submitted on the DSS-1321.*
 - a. Part II Code 423 formerly (Code A) for Purchase of Service Contract-.
 - b. Part II Code 449 formerly (Code B) for Purchase of Service Contract –Private
 - c. Part II Code 450 formerly (Code C) for Cooperative Agreements
 - d. Part II Code 432 formerly (Code D) for IV-D Blood Test

3. *Part II Codes and Descriptions of expenditure types are as follows:*

Part II Code **423**, Fund 1 (IV-D Government Services Contract)

*Formerly Code A PURCHASE OF SERVICE CONTRACT -
GOVERNMENT*

1. County Attorney fees
2. Contract expenses for Sheriff or Deputy Sheriff
3. Indirect Cost for Sheriff's Department (Note: Indirect Cost must be specifically identified)

Part II Code **424**, Fund I (IV-D Paternity Test)

Formerly Code N/A LABCORP TESTING

Part II Code **449**, Fund 1 (IV-D Private Service Contract)

*Formerly Code B PURCHASE OF SERVICE CONTRACT -
PRIVATE*

1. Private Attorney fees

Part II Code **450**, Fund 1 (IV-D Cooperative Agreements)

Formerly Code C COOPERATIVE AGREEMENTS

1. Sheriff's process service fees
2. Fees to Clerk of Court

3. Fees for vital records
4. Cost for publication services
5. Cost for contract administrative or collection services

Part II Code **432**, Fund 1 (IV-D Blood Test)

Formerly Code D IV-D BLOOD TESTS

- Cost of blood tests

4. *Administrative Cost Statement, Part II*

The DSS-1571, Part II is used by the several types of Child Support agencies for the reporting of administrative program costs (i.e. travel, equipment, supplies, etc.). The non-DSS County IV-D agency will use code 361 on the DSS-1571, Part II. The costs reported by these two types of agencies are all direct program costs.

5. *Recipient Data and Related Costs, Service Programs*

The use of the DSS-1571, Part IV is to permit the entry and proper crediting of fees collected from recipients by IV-D agencies.

6. *Requirements for Completion of Part IV by IV-D Agencies*

Heading

County/Provider: Enter the three-digit County or agency identification number.

Month of Service: Enter the month of services covered by the report as two-digits (January would be shown as 01). Enter the last two numbers of the calendar year.

Enter the county name for programs operated by county departments of social services and the program name for all programs operated by other provider agencies.

Method of Service Provision, Choose Direct Provision.

Recipient Name - List the name of each recipient by last name, first name (or initial), and middle initial.

Identification Number - Enter the eleven digit client identification or MPI number.

Service Code - Enter the three-digit code 435 in order to report Non-Work First client application fees. Enter the three-digit code 436 to report direct cost recovery paid toward costs incurred in Non-Work First cases.

Fees Imposed - Enter the amount of each fee imposed on recipient.

Fees Collected - Enter the amount of each fee collected (the same amount shown in Column 16). Information in this column goes into the SIS.

Fund I.D. - Enter a "3".

Form DSS-2239 - Legal Services IV-D Bill

1. Form DSS-2239 must be completed by the attorney and submitted to the local Child Support agency each month. As a substitution, a form developed detailing all of the required information from the DSS-2239 form is permissible.
2. *Categories of legal services eligible for FFP.*
 - a. **The legal services eligible for federal financial participation (FFP) are limited to the following categories of services:**
 - (1) **Establishment of paternity**
 - (2) **Establishment and enforcement of support obligation.**

The service category *Administration* is NOT eligible for FFP.
 - b. With concurrence from staff of the Attorney General's Office, the Division considers the following data elements necessary to ensure accurate billing for reimbursement of legal services, and to satisfy an audit review.
 - (1) IV-D Case Name
 - (2) Date(s) that the attorney/law firm performed services for the case.
 - (3) Total time spent on each case, distinguished between in-court and out-of-court time if different rates are utilized.
 - (4) Basic services that the attorney/law firm provided. These services must be related to services allowable for reimbursement.

SECTION

IV-A

SECTION IV - DSS-1571 SUBMISSIONS

December 31, 2023

Section IV-A The Who's, What, When's and Where's of DSS-1571 Submission

Submission Instructions

Certification

The report or Statement of Administrative Cost is to be dated and signed by the County Finance Officer, who by General Statute is responsible for the accuracy of the information reported. The report or Statement of Administrative Cost will be co-signed by the Director of the Department of Social Services.

Submission

Reports have one method of submission, which is electronic. Item 1 addresses those items that apply to ALL submissions. Item 2 applies to "electronic" submissions.

1. ALL submissions:

- If reports are not balanced, error free and/or received after the 15th of the month, (or the first workday thereafter) that county will not receive an interim payment the following month.
- If you are submitting the Part II electronically, counties should retain the DSS-3538 with your copy of the report for audit purposes. If there are any questions concerning how to report a worker, how to report an expenditure, or any questions about the DSS-1571 report, please call either your Local Business Liaison or the County Administration Accounting Unit of the Controller's Office.

2. ELECTRONIC submissions:

- In preparing for electronic submission, the county must have at least one person that has a RACF ID and password (assigned for the county fiscal group) for the State Informational Technology System, ITS, mainframe. The upload program requires a Windows 95 operating system (the same requirement as has been stated for the Windows' version of QuIC and TEC). The county must also have access to NC XPTR (see APPENDIX IV) on the ITS system. There are several methods of connecting to the ITS mainframe to be able to use the upload capability. One method is by connection to North Carolina's statewide area network. Another method is through an Internet Service Provider (such as America OnLine, Compuserve, etc.). Then there is the dial-up method (you must request special assistance to set up this method). The dial-up method requires a modem be installed with your computer and access to a phone line that will be dedicated to the function you are performing at any one time (upload, reviewing reports, etc.). An alternative method of electronic submission is by the NC County Reimbursement Ledger Suite (NC-CoReLS). For details on transmitting through NC-CoReLS, counties must contact NC-CoReLS customer service at DHHS.CoReLS.Support@DHHS.NC.GOV. Any questions may be addressed to the help

- desk at (919) 855-3200 (let the help desk operator know you need to have access to use NC XPTR, and file uploading capabilities to the mainframe, using FTP).
- When the county is ready to upload the parts of the 1571 they intend to file electronically, they must complete the Statement of Administration format shown in Figure IV-A. (on county letterhead, plain paper, or other paper of their choice), then fax a copy to: (919) 715-5847 ATTN: County Administration Accounting Unit.
 - Effective July 1, 2004 for FY 04-05, ***it is no longer required that the original signatures of the county director and county finance officer on the Statement of Administrative Cost form be mailed to the Controller's Office***; it may be faxed to the Controller's office. Electronic signatures and signature stamps are permitted. However, it is the responsibility of the county to establish procedures assuring that only authorized persons have access to facsimile signatures. Regardless of whether a copy of the document is faxed or mailed, counties are required to retain a copy of the document submitted for retention and audit purposes.
 - The Statement of Administrative Costs should be signed under the Certification by the local County Director and by the DSS County Finance Officer.
 - Each month after a county's DSS-1571 upload has been completed and the Statement of Administrative Costs form has been faxed, the county's files will be processed and the result will be placed in NC XPTR under report *DHRWCA County Transmittal Balance Report* for the county to review. If there are any errors or the file's computed total does not match the Statement of Administrative Costs form totals, the county must determine the problem and make the necessary changes. See Section IV-B (which immediately follows this section) for a list and description of possible errors also see the last page of the Fiscal Manual (Appendix-IV) NC XPTR instructions for a list of the available reports. If the DSS-1571 file is incorrect, the county must correct the data, create a new file and repeat the upload step. If a total is incorrect on the Statement of Administrative Costs form, the county must correct the form, have it resigned and/or initial the correction, and resubmit it as directed above. If there are no errors and the totals agree, the county DSS-1571 transmission is complete.
 - Do not call the State Help Desk regarding errors on your XS305. Upon calling County Administration, they will determine if there is a need to call the State Help Desk or if the NC-CoReLS Help Desk should be contacted.
 - Refer to WCA305 XS307 for information on the date of the county's last submission.

[Appendix VII](#)

SECTION

IV-B

SECTION IV-B Error Messages for Part I, II & IV

Local County Departments of Social Services must submit their DSS-1571 reports on a timely basis. If the County Administration Accounting Unit has not received the DSS-1571 (balanced and error free) by the 15th of the month or the first workday thereafter that county's DSS-1571 will be considered late.

If there are any errors or the County transmittal file's computed totals does not match the Statement of Administrative Costs form totals, the county must determine the problem and make the necessary changes after reviewing their error message/s. Error message/s may be found on the NC XPTR report DHRWCA DAILY XS305 Edit Report. Outlined below is a list of the most common error messages along with one warning message and brief descriptions of these messages. Please note, this list is not all inclusive; there may be other errors that transpire for your county which are not listed. When the DSS-1571 file is incorrect, counties must correct the data, create a new file and repeat the upload process. If there are no errors and the totals agree, the county DSS-1571 transmission is complete. For additional assistance contact County Administration at (919) 527-6150 or your county's Local Business Liaison.

--Error Messages and Descriptions--

COUNTY INVALID

(County number must be numeric and contain a valid value of 000-099, a valid IV-D or a valid Indian defined county number)

TIME IN COLUMN INVALID WITH FUNC CODE

(The combination of the function code and the column code are not valid together)

SERVICE DATE INVALID

(The service date keyed is something other than the current service date)

SEQ-NO NOT NUMERIC

(There is a character keyed in sequence number that is not numeric)

SOCIAL SECURITY NUMBER NOT NUMERIC

(There is a character keyed as a valid employee identification number that is not numeric)

POSITION NUMBER NOT NUMERIC

(There is a character keyed as a position number that is not numeric)

LAST NAME IS MISSING

(The last name is missing in the name field)

BENEFITS NOT NUMERIC

(There is a character keyed as a benefits number that is not numeric)

TOTAL NOT NUMERIC

(There is a character keyed as a position number that is not numeric)

SALARY NOT NUMERIC

(There is a character keyed as a position number that is not numeric)

TOTALS NOT EQUAL

(The salary plus the benefits does not equal to the amount in the total field)

PEOPLE COUNT NOT NUMERIC

(There is a character keyed as a people count number that is not numeric)

EQUIVALENCY SHOULD EQUAL ZERO

(When used with Function Code 39)

COLUMN NUMBER NOT NUMERIC

(There is a character keyed as the column number that is not numeric)

COLUMN NUMBER LESS THAN 9

(Column code number cannot be less than 9 for Part I coding)

COLUMN NUMBER GREATER THAN 18

(Column code number cannot be greater than 18 for Part I coding)

PERCENTAGE NOT NUMERIC

(There is a character keyed as the percentage that is not numeric)

PERCENTAGE TOO HIGH

(Percentage is greater than 100%)

TIME IN COLUMN INVALID WITH FUNCTION CODE

(Time entered in column does not coincide with the column and function code used)

FUNCTION CODE IS INVALID

(Not a correct function code)

TIME MUST EQUAL 100 PERCENT IN COL 18 ONLY

(Function Codes 84, 85, 86, 87, 88, 89, 90, 91, or 98 are being used with time entered into a column code other than column code 18; if column code 18 is used time must be 100%).

(Function code 83 is invalid and should not be used any longer).

NO TIME ENTERED IN COLUMNS

(There is no time associated to the column code)

TOTAL PERCENT NOT EQUAL TO 100%

(The total percentage relating to the column code must be 100%)

CO NOT AUTHORIZED USE OF F/C COL COMB

(County is not authorized to use the Function/Column code combination)

CO NOT AUTHORIZED USE OF PART II CODE

(County is not authorized to use the Part II coding)

PART II SEQUENCE NUMBER IS INVALID

(Part II Sequence number not valid)

PEOPLE COUNT GREATER THAN 1.00

(This message is a *Warning not an error*. The people count entered should equal 1.00 or less, unless reporting for temporary position, contracted position, overtime or corrections from prior period.) **In no case should an equivalency exceed 9.99.**

SECTION IV-C

Section IV-C Claiming Expenditures from Prior Periods on the DSS-1571

- A. In order for expenditures to be reportable and reimbursable on the DSS-1571, they must have been incurred within two years of the time in which they will be reported.
- B. Expenditures incurred and found to be claimed erroneously must be corrected. Therefore, all expenditures discovered to have been claimed incorrectly must be returned to the federal government no matter how far back they occurred, but the two-year rule must be applied when claiming reimbursement of expenditures.
- C. If a county discovers expenditures never reported for reimbursement, these expenditures are not eligible to be reported for reimbursement if they exceed the two-year time limit, even though they were eligible when incurred.

Following are two examples to further explain claiming expenditures from prior periods.

1. A county discovers in January 2012 they neglected to claim expenditures for supplies in April 2010. They have already completed and uploaded their DSS-1571 for December services paid January 2012 so the next possible claim will be filed in February 2012. The county may go back to April 2010 to claim any expenditure they missed so, yes, the county may include these expenditures in the February 2012 report.
2. A county discovers in January 2012 they neglected to claim expenditure for supplies in April 2008. They have already completed and uploaded their DSS-1571 for December services paid January 2012 so the next possible claim will be filed in February 2012. The county may only go back to April 2010 to claim any expenditure they missed so no, the county may not include these expenditures in the February 2012 report since it is over the two-year time limit.

Note: The time frame is based on two years from the 1st month of the quarter following the current reporting quarter that is being reimbursed.

<u>If current reporting month falls in this Quarter:</u>	Then	<u>Reimbursement is allowable 2 years back from this Month:</u>
January-March		April payment month
April-June		July payment month
July-September		October payment month
October-December		January payment month

SECTION

V

SECTION V - RECONCILING COUNTY'S GENERAL LEDGER TO DSS-1571 REIMBURSEMENT REPORT**December 31, 2023****Section V-A Methods of Reconciling Records**

1. **The purpose of this section is to provide counties with suggested way to reconcile all records periodically, so any differences may be easily traced and identified.** This process is commonly referred to as providing "an audit trail". Two methods will be discussed:
 - a. ***When the DSS-1571 report is prepared from the County General Ledgers.*** In this case expenditures are often valid expenditures for a DSS operation, but unallowable in part or in total for Federal/State reimbursement, i.e., 100% county-supported cost.
 - b. ***When the DSS-1571 report is prepared from a set of accounting records separate from the County General Ledgers.*** In this case the county DSS may not be aware of the manual adjustments made by the County Finance Office, for distribution of indirect cost, county allocable costs or the timeliness for paying obligations at the Finance Office.
2. The forms provided below are guides to be use by either county DSS or Finance Office employee (not required). **The primary purposes of these forms are to identify and document the differences in costs between county records and DSS records.** If performed monthly all adjustments, reclassifications, etc. can be identified. Therefore, when audits or other inquiry arise the county's DSS will be able to support all expenditures. Also, the county could maximize Federal and State reimbursements of allowable costs without risking a monetary disallowance due to future audits. For reporting purposes, the forms are separated into two functions:
 - a. Staff costs (salary and fringe benefits), and
 - b. All other administrative costs.

The purpose of this process is to identify differences between the County General Ledger totals and the amount of allowable costs reported in the DSS-1571 report.

1. **At the close of the monthly reporting cycle the employee should begin with the applicable account balances from the County General Ledger.**
2. From each account deduct all costs that appeared on the general ledger but are not reimbursed by Federal and State funds in Social Services' programs. Examples are:
 - a. Salaries and fringe benefits of employees paid from other Federal and State funds, such as CBA, etc.

- b. Administrative expenditures in excess of allowable and/or approved limitations, such as travel paid over current state maximums, or cost of space exceeding the annual approved amount.
3. To each account add all costs that did not appear on the general ledger but are allowable for Federal and State reimbursement. Examples of these would be:
 - a. Adjunctive personnel cost such as workmen's compensation.
 - b. Non-cash administrative expenses to include building depreciation, indirect costs, etc.
4. **Consider any prior month adjustments made by the county Finance Office or county DSS which may either have already been reported or omitted due to lateness in reporting.**
5. After identifying these additions, deletions and adjustments, the balances should be the amount reported for reimbursement to the State Division by the administrative expenditure report DSS-1571.

When two different sets (from the county finance office set) of accounting records are needed by the county DSS it is important for the records to agree and an audit trail be established for documentation purposes. One reason for two sets of records may be the deadline for submitting the DSS-1571, versus the early closing date a county uses to end its monthly operations. In this case, it is likely reconciliation will be done during the subsequent month.

1. **The employee should begin with the applicable account balances from the county DSS records at the close of the accounting cycle.** In preparing the DSS-1571 the employee may have already added or deducted certain costs which were or were not allowable for Federal and/or State purposes.
2. Considering these additions and deletions is the basis for arriving at costs subject to the DSS-1571 report.
3. **On the worksheet the employee should reflect the end-of-month balances from the County General Ledger.** Make sure separate accounts in the county records are summarized to arrive at a DSS-1571 account total.
4. The employee should determine the differences, if any, between the DSS-1571 reported costs and the County General Ledger costs.
5. If differences exist on the worksheet the employee should examine account differences by reviewing items posted to accounts at both levels and if necessary, discuss the differences with personnel in the County Finance Office. **Any differences found should be documented on the worksheet with an explanation.** Differences identified may be determined to be allowable costs which can be reported the following month.

<p style="text-align: center;">_____ COUNTY DEPARTMENT OF SOCIAL SERVICES RECONCILIATION OF COUNTY'S GENERAL LEDGERS TO DSS-1571</p> <p style="text-align: center;">Month _____ Year _____</p>					
	Fringe Benefits				
	Salaries Acct #	FICA Acct #	Retirement Acct #	Hospitalization Acct #	Other Acct #
TOTAL PER PAYROLL JOURNAL/LEDGER	\$	\$	\$	\$	\$
DEDUCT: Staff Costs on Ledger not Reimbursable on DSS-1571					
ADD: Staff Costs not on Ledger but Reimbursable on DSS-1571					
ADJUSTMENT FROM PRIOR MONTHS					
TOTAL STAFF COSTS REPORTED PER DSS-1571, PART I	\$	\$	\$	\$	\$

Schedule B-1

_____ COUNTY DEPARTMENT OF SOCIAL SERVICES RECONCILIATION OF DSS-1571 TO COUNTY'S GENERAL LEDGERS Month _____ Year _____						
	Fringe Benefits					
	Salaries Acct #		FICA Acct #	Retirement Acct #	Hospitalization Acct #	Other Acct #
TOTAL PER DSS RECORDS	\$		\$	\$	\$	\$
<u>ADD/(DEDUCT):</u>						
Allowable/Unallowable Salary Costs in Addition to DSS Records						
Basis for DSS-1571						
Total Salary Costs per Payroll/Journal Ledger						
Difference	\$		\$	\$	\$	\$
<u>EXPLANATION OF DIFFERENCE</u>						

The account titles listed may be found in the Local Government Accounting Systems and Procedures Manual at procedure 05-18-0. To the right of each account title is the local government codes (LGC) and their application references within the DSS-1571 system. The titles listed are those most applicable for social services uses. Sections (Sec) in the DSS-1571 Application column, refers to the section numbers found in the DSS-Fiscal Manual.

Account Title	LGC		DSS-1571 Application
PERSONNEL SERVICES	100		
Salaries and Wages		120	Part I, Sec. III B
Board Member Expense	170		Part II, Code 311, Sec. III B
Fringe Benefits	180		Part I, Sec. III B
Worker's Compensation		186	Part II, Code 310, Sec. III B
Professional Services	190		
Accounting		191	Part II, Sec. III B
Legal		192	Part II, Sec. III B/Part IV, Sec. III E
Medical		193	Part II, Sec. III B
Other		199	
CURRENT OPERATIONS AND SERVICES			
Supplies and Materials	200		
Household/Cleaning Supplies			
Janitorial supplies		211	Cost of Space, Sec. II D/Part II, Sec. III B
Education supplies	230		Program specific. Direct charged
Special program material (educ.)		231	
Audio visual and library supplies		232	
Construction and Repair supplies	240		Cost of Space, Sec. II D/Part II, Sec. III B
Vehicle Supplies and Materials	250		a) 100% Service Program vehicle reportable Part II, Code 349 or separate program code as applicable.
Motor fuels and lubricants		251	
Tires and tubes		252	
Parts		253	b) When used administratively,
Other vehicle supplies		259	vehicle costs are chargeable to Part II, Code 310.
Office Supplies and Materials	260		Part II, Code 310, When an item is unique to a single program it may be reported as a direct charge
Heating and Utility Supplies	280		Cost of Space, Sec. II D/Part II, Sec. III B
Other Supplies and Materials	290		
Data processing supplies		291	Generally, Code 310, on Part II. When supply is unique to a program it is reportable as a direct charge.
Miscellaneous Supplies		299	Part II, Code 310

Account Title	LGC	DSS-1571 Application
Current Obligations and Services		
Travel and Transportation	310	
Travel	311	Part II, Report by Program
Travel Subsistence	312	Part II, Report by Program
Transportation of clients	313	Part II, Report by Program
Travel-owned/leased vehicles	314	(See remarks for Code 250).
Communication	320	
Telephone Service	321	a) Preferred reporting is to use Code 310
Postage	325	b) County may show monthly service charge as Code 310 and direct charge toll calls to appropriate programs...if this is done all toll calls must be directly charged to programs.
Other Communications	329	
Utilities	330	Occupancy Costs, Sec. II D/Report on Part II, Sec. III B
Electricity	331	
Fuel Oil	332	
Natural Gas	333	
Water	334	
Sewer	335	
Other Utilities	339	
Printing and Binding	340	Preferred reporting is to use Code 310.
Printing	341	
Reproduction	342	
Other	349	
Repairs and Maintenance	350	
Buildings	351	Occupancy Cost, Sec. II D/Part II, Sec. III B
Equipment		a) Preferred: Code 310 for typewriters, calculators, desks, chairs, bookcases, etc. b) Large special purpose equipment may be direct charged when doing so will not create duplication(s) later.
	352	Equipment service and repairs to mechanical and office equipment. Includes contracts.
Vehicles	353	Part II, Sec. III B and LGC code 250 (page 1 of 4).
	359	Other repairs and maintenance.
Freight, Express Deliveries	360	Non-equipment related: report on Part II, Sec. 311

Account Title	LGC	DSS-1571 Application
Advertising	370	Part II, Code 311
Data Processing Services	380	See Code 291
	381	Programming
	382	Processing
Other Services	390	a) Preferred: Direct charge functional pool (-services, income maintenance, etc.).
Legal Advertising	391	
Laundry/dry cleaning	392	
Temporary Help Services	393	b) When allocated treatment must permit the most consistent application of the cost.
Cleaning Supplies	394	
Training-employee educ. expen.	395	
Security Services	398	
Other Services	399	c) Training: Part II, Program Code
		d) Security: Part II, Code 310
FIXED CHARGES/OTHER EXPENSES		
Rental of Real Property	410	
Rent of Land	411	Allowable as parking--report as Occupancy
Rent of Building	412	Cost. Part II, Code 310
Rent of Offices	413	Cost. Part II, Code 310
Other Rentals	419	Allocate through Code 310 or 349/359, Part II
Rental of DP Equipment	420	See Code 291
DP Equipment Rental	421	
DP Software Rental	422	
Rental of Other Equipment	430	
Rent of Reproduction Equipment	431	Code 310, Part II
Rent of Typewriters, postage meters	432	Allocate via Code 310
Rent of Vehicles	433	
Rent of Other Equipment	439	
Service and Maintenance Contract	440	Handle same as the equipment rental charge.
Insurance and bonding	450	
Proper and General Liability	451	Code 310, Part II, Code 311 for Non-DSS Property
Vehicles	452	See Code 310
Fidelity	453	Code 310, Part II
Professional liabilities	454	Program or function pool.
Depreciation	460	Buildings incl. in Occupancy Cost
Indirect Costs	480	Sec. II, Code 310, Part II
Central Services	481	Part II, Code 310, Code 311
Departmental	482	Part II, Code 310, Code 311

Account Title	LGC		DSS-1571 Application
Janitorial		483	Incl. Cost of Space, Sec. II D
Other Fixed Charges/Current Operating Expenses	490		
Dues and Subscriptions		491	Part II, Code 310, Code 311
Miscellaneous		495	Part II, Code 310, Code 311
Direct Service Allocations		497	Direct Program Charges
EDP Services Title XX Monitoring			
CAPITAL OUTLAY	500		Part II, Sec. VIII
Office Furniture and Equipment		510	Part II, Code 310
Data Processing Equipment		520	Requires prior approval
Motor Vehicles		540	Part II, appropriate code
Buildings, structures, and improvements		580	Occupancy Cost (requires prior approval)
CONTRACTS, GRANTS AND OTHER SUBSIDIES	600		Unallowable Cost

SOCIAL SERVICES FISCAL MANUAL
METHODS OF RECONCILING RECORD
REVENUE AND EXPENDITURE INFORMATION

RECONCILING GENERAL LEDGER
Section V A
Date December 31, 2023

Assistance Programs	Federal	State	County
Title IV-E - Foster Care	(Variable)	(Variable)	(Variable)
Special Assistance to Adults, Rest Home		50.00	50.00
Special Assistance to Adults, Certain Disabled		50.00	50.00
State Foster Home - (Regular Payments)		50.00	50.00
Title XIX - Medical Assistance	(Variable)	(Variable)	
Refugee Assistance	100.00		
Crisis Intervention	100.00		
Share the Light		100.00	
Administration/Operations			
Work First (TANF) - County Specific Rates	(Variable)	(Variable)	(Variable)
Energy Administration	100.00		
Title IV-D - Child Support Enforcement	66.00		34.00
Title IV-D - Blood Test	66.00		34.00
Title IV-E - Optional Administration	50.00		50.00
Title IV-E - Optional Training	50.00		50.00
Title IV-E - Optional Adoption	75.00		25.00
Title IV-E - Administration	50.00		50.00
Title XIX - Administration, Medical Assistance	50.00		50.00
- MA Exp.	50.00	50.00	
- Medical Transportation & Client	50.00		50.00
Adult Care Home Case Management	50.00	50.00	
Adult Care Home Case Management	50.00		50.00
- Medical Transportation - Services	(Variable)	(Variable)	(Variable)
SSBG - Services, Regular	75.00		25.00
- Housing and Home Improvements	50.00	25.00	25.00
- In Home	87.50		12.50
- Family Planning	90.00		10.00
- Family Planning (Transportation)	75.00		25.00
- Foster Care	75.00		25.00
Child Day Care	75.00		25.00
- Adult Day Care	75.00		25.00
State In Home	87.50		12.50
- Special Fed Adult Day Care	87.50		12.50
- Special State Adult Day Care		87.50	12.50
Child Care Development Fund (CCDF)	100.00		
Smart Start		100.00	
HCCBG			100.00

Administration/Operations cont	Federal	State	County
Food Assistance Program	50.00		50.00
Assistance Programs	Federal	State	County
Food Stamp Fraud	50.00		50.00
Office of Refugee Rehabilitation (ORR):			
Refugee Assist, Medical Assist.	100.00		
Refugee Assist, Services	100.00		
Special Assistance to Adults			100.00
<i>Other</i>			
Food Stamp Workfare (counties starting after 7-1-86)	50.00		50.00
Permanency Planning	(Variable)		(Variable)
Adolescent Parenting			100.00
LINKS	80.00	20.00	
Food Stamp Employment - Training	50.00		50.00
E & T Dependent Care	50.00		50.00
Family Preservation - FP/FS	100.00		
Family Preservation Renunciation	100.00		
Family Preservation - IFPS	100.00		
Foster Care Caseworker Visit	100.00		

SOCIAL SERVICES FISCAL MANUAL
METHODS OF RECONCILING RECORD
REVENUE AND EXPENDITURE INFORMATION

RECONCILING GENERAL LEDGER
Section V A
Date December 31, 2023

PROGRAM	CFDA NO.
Temporary Assist. for Needy Children	93.558
IV-E Admin	93.658
Low Income Home Energy Assist Program	93.568
Refugee Assist Admin	93.566
Refugee Services	93.566
Medical Assist Admin	93.778
Medical Transp Admin	93.778
Medical Transp Service	93.778
Food Stamp Admin	10.561
FS Post Office Issuance	10.561
FS Fraud Admin	10.561
FS Elig Comp Project	10.561
SSBG Family Plan Admin	93.667
SSBG Family Plan Service	93.667
SSBG Purchased Services	93.667
SSBG Other Services/Admin	93.667
Special Permanency Planning	93.645
In-Home Services	93.667
In-Home Screening Program	93.667
Adult Day Care	93.667
IV-D Administration	93.563
IV-D Offset Fees - Federal	93.563
IV-D Offset Fees - State	93.563
IV-D Offset Fees - ESC	93.563
Permanency Planning - Reg	93.645
Permanency Planning - Spec	93.645
Adolescent Parenting	93.778
State Child Prot Svc - SSBG	93.667
Family Violence Prevention & Services	93.671
CWS	93.645
CWS Contract Services	93.645
IV-E Foster Care	93.658
Refugee Assistance Payment	93.566
Energy Assistance Payment	93.568
Crisis Intervention Payment	93.568
IV-E Adopt Subsidy & Vendor	93.659
IV-E Optional Adopt	93.659
CWS Adopt Subsidy & Vendor	93.645
CCDF Services Support	93.596
Independent Living	93.674
Employment & Training Dependent Care	10.561

PROGRAM	CFDA NO.
Child Care Development Block Grant	93.575
Federal Family Preservation	93.556
Adult Care Home Case Management	93.778
Foster Care Caseworker Visit	93.556
Child & Family Teams IV-E	93.658
TANF Sub Employment	93.714
MIC-1/NC Health Choice	93.767

SECTION

VI-A

SECTION VI - PAYMENT PROCESS

December 31, 2023

Section VI-A Funding Authorizations

Each Division within the Department of Health and Human Services which provides funding to County Departments of Social Services through an allocation process will provide **funding authorizations**, which will set forth the amount of funds that can be made available to them.

The **Division of Social Services** will provide funding authorizations for DSS programs at website. <https://www.ncdhhs.gov/divisions/social-services/county-staff-information/budget-information/information-county-departments#funding-authorizations-for-sfy> At the time each funding authorization is available to be released, an email will be generated notifying County Directors, Fiscal Officers and County Finance Officers that they are available on the website.

The funding authorizations will be in an excel format that will list all counties in alphabetical order. The spreadsheet will reflect the new authorized amounts, amounts previously authorized if applicable, and total authorized amounts. Amounts will be broken down by federal, state and required county match as applicable.

The following list identifies the funding authorizations that will be issued by DSS. Please note some require the Director's signature.

Work First County Block Grant	Requires Director's Signature
TANF Transferred to SSBG	Requires Director's Signature
CPS TANF Transferred to SSBG	Requires Director's Signature
SSBG Services 75% (FEDERAL)	Requires Director's Signature
Crisis Intervention Program	Requires Director's Signature
LIEAP & CIP Administration	Requires Director's Signature
LIHEAP Svc	Requires Director's Signature
Project Share	
Wake Electric Membership Corp	
Share the Warmth	
Haywood Electric	
Child Protective Services – IV-E	
Child Protective Services – State	
Foster Care Caseworker Visit	

**Foster Care / Adoptions – IV-E
LINKS**

Permanency Planning-Svc

Permanency Planning-Adm

Section VI-Payment Process (continued)

Section VI-A Funding Authorizations

TANF Child Welfare Workers for Local DSS Requires Director's Signature

The signed Funding Authorizations are required by the federal government to demonstrate that these funds have been obligated. Counties must complete the designated Funding Authorizations by faxing or mailing to their Local Business Liaison. These Funding Authorizations must be returned within 15 business days from the authorization date. Regardless of whether a copy of the document is faxed or mailed, counties are required to retain a copy of the document submitted for retention and audit purposes.

Programs

CFDA No.

Temporary Assist. For Needy Families (TANF)

93.558

Low Income Home Energy Assistance Program(LIHEAP)

93.568

Social Service Block Grant (SSBG)

93.667

This section includes a brief description of allocation formulas for allocations distributed by the Division of Social Services.

1. **Crisis Intervention Payments and Low Income Energy Administration** funds are allocated based on each county's share of SSI, Work First, and Food Stamp households plus 4.5% of the remaining non-categorical households.
2. **Social Services Block Grant funds and State In-Home funds** are allocated based on each county's percentage of the total public assistance recipient population and general population. Each of the population figures is weighted equally.
3. **LINKS** funds are allocated based upon the number of eligible youths aged 16 - 21 in each county as identified by the Child Placement Information Tracking System.
4. **Adolescent Parenting** funds are allocated to specific programs based upon responses to Requests for Proposals. The same level of State funding is allocated to each program. (Grant Ended 2007)
5. **Adult Day Care** funds are allocated to specific programs based upon responses to Requests for Proposals.
6. **Permanency Planning and Special Permanency Planning** funds are allocated based on the most recent population estimates.

7. **Family Preservation** funds are awarded to specific programs based upon responses to Requests for Proposals. (Grant Ended 2010)
8. **Work First County Block Grant** funds are allocated based upon the percentage of each county's total AFDC (including AFDC EA) expenditures, except expenditures for cash assistance. The resulting percentage is applied to the State's total budgeted funds, except funds budgeted for Work First Family Assistance, for Work First Program expenditures at the county level (GS 108A-27.11(a)).
9. **Adult Care Home Case Management** funds are allocated based upon each county's expenditures in the prior year.
10. **State Foster Care and Adoption** funds are allocated to counties based upon the need for increased Foster Care and Adoption staff, per the Dear County Director letter from Charles C. Harris dated November 24, 1997.
11. **Program Integrity** funds are allocated in an equal amount to each county.
12. **Share the Light** funds are allocated based on the percentage of each county's Progress Energy client population to Progress Energy's state-wide residential customers.
13. **Work First Demonstration Grants** awards were time limited-grants. This Grant was issued to N.C. County DSS's, based on the availability of funding and the submission of an acceptable grant proposal. The purpose of the grant awards was to identify best practices to improve worker participation rates. (Grant Ended 2009)

County Departments of Social Services are at times asked to voluntarily relinquish any allocated funds (such as Social Services Block Grant or State In-Home Funds) that they believe they would not be able to spend in that fiscal year, so that those funds may be reallocated to counties that need additional funds.

The Division's policy regarding any county that relinquishes such funds is as follows:

1. **Any county that relinquishes funds for reallocation to other counties and afterwards discovers that it (the county relinquishing the funds) needs additional funds for that fiscal year will be given top priority for any subsequent reallocation of funds (in that fiscal year).**
2. Any funds voluntarily given up by a county in a given fiscal year will not affect that county department's permanent allocation.

SECTION VI-B

Section VI-B Interim Payment

General

County program administration costs are reported to the Division for reimbursement at the end of the month following the month in which obligations were incurred and the payment process initiated. During the period of delay between payment and reimbursement from the state, counties may experience difficulties with cash availability. Therefore, to assist counties with their cash flow, a method called the interim payment process has been designed that will allow them to receive a reimbursement prior to the filing of the reimbursement report (DSS-1571).

The Interim Payment Process works as follows:

Beginning with the August 2000 reimbursement, any county that wishes an interim payment must provide the Department with a completed copy of the Preliminary County DSS Administrative Reimbursement Report, (Figure VI-B), by the seventh work day of the month following the end of the service month. It must be completed and attested to base on the records of the county. The signed form may be faxed, or an original copy may be mailed.

Effective July 1, 2004 for FY 04-05, it is no longer required that the original signatures of the county director and county finance officer on the Preliminary County DSS Administrative Reimbursement form be mailed to the Controller's Office; it may be faxed to the Controller's Office. Electronic signatures and signature stamps are permitted. However, it is the responsibility of the county to establish procedures assuring that only authorized persons have access to facsimile signatures. Regardless of whether a copy of the document is faxed or mailed, counties are required to retain a copy of the document submitted for retention and audit purposes.

Fax to: County Administration Accounting Unit
(919) 715-5847

Mail Original to: DHHS Controller Office
ATTN: County Administration Accounting Unit
2019 Mail Service Center
Raleigh, NC 27699-2019

The Department will use the expenditures reported on the form and the county's historical pattern of actual federal and state participation to compute the amount of the interim payment. This method of making interim payments will continue to be contingent upon a timely submission of the DSS-1571 in the prior month.

[Appendix VIII](#)

PENALTY FOR LATE SUBMITTAL OF THE DSS-1571

County departments of social services must submit their DSS-1571 reports in a timely basis to avoid being excluded from the interim payment process. **If the County Administration Accounting Unit has not received the DSS-1571 (balanced and error free) by the 15th of the month, or the first workday thereafter, (following the month during which services were provided/expenditures were incurred), your county will not receive an interim payment check the next month, if requested.**

SECTION VI-C

Section VI-C Electronic Funds Transfer

General

In 1996, the Division of Social Services established, pursuant to the Office of State Controller's Cash Management Directive, a new system for recovering the county share of public assistance programs. This directive requires that collections and payments between State agencies and local units of government use the State Treasurer's STEPS-IN and STEPS-OUT electronic funds transfer system. The electronic funds transfer system consists of drawing funds from the counties' bank accounts for recovering the county share of public assistance programs and electronically reimbursing the counties when applicable, on a specified date. Notices as shown on the following page are faxed to the counties to inform them of the funds that are required to be in the account and also to inform the counties of the funds that will be deposited electronically into the account on that date. The divisions allow a period of 5 business days notice to the counties for assurance of sufficient funds in the account. As stated in the Cash Management Directive, "any payments remitted to the State agency by check or otherwise, which is not paid on a timely basis, shall be subject to the interest and penalties provisions as set forth in G.S. 147-86.23." Reports are sent as back-up for EFT transactions.

Central Payment System

The Division created a "Central Payment System" whereby checks for public assistance recipients would be written on an account with the State Treasurer rather than on commercial bank accounts operated by the 100 counties. As the check clears the state-wide account, **an electronic funds transfer system is utilized to obtain the counties share of the public assistance costs.**

Programs Subject to the Electronic Funds Transfer System

1. Temporary Assistance for Needy Families TANF NC FAST
2. State/County Special Assistance to Adults - SC, SA NC FAST
3. Medical Assistance (Administered by Division of Medical Assistance)
4. County Administration Interim and County Administration Settlement (DSS-1571)
5. Adoption Assistance, Foster Care and Vendor Payments (CPITS)
6. Child Support Enforcement - Payments to counties
7. Other Programs as selected.

Refer to the DHHS Office of the Controller website for codes used in the Electronic Funds Transfer.

The county is required to maintain an account with the appropriate funds needed on a specified date. A notice will be faxed to the county stating the amount of the draft and the effective date of the draft. Reports for back-up of EFT transactions are mailed to the county.

At any time where a change is necessary in the pertinent information on the electronic funds transfer process, such as the name of bank honoring EFT transactions, account numbers, county fiscal officers, etc., the EFT Authorization Form should be completed and submitted to the appropriate State office.

Failure to Arrange for Public Assistance to the State

To encourage counties to meet their local social services budget obligations, the 1981 Appropriations Act, Section 16 provides that “The Director of the Budget is authorized to withhold from any county that does not pay its full share of public assistance costs to the State and has not arranged for payment pursuant to G.S. 108-54.1 or G.S. 108A-143, any State moneys appropriated from the General Fund for public assistance and related administrative costs, or to direct the Secretary of Revenue and State Treasurer to withhold any tax owed to a county under Article 7 of Chapter 105 of the General Statutes, G.S. 105-113.86, Article 39 of Chapter 105 of the General Statutes or Chapter 1096 of the Session Laws of 1967. The Director of the Budget shall notify the chairman of the board of the county commissioners of the proposed action prior to the withholding of funds.”

**SECTION
VII-A**

SECTION VII - ADJUSTMENTS BY STATE OFFICE TO DSS-1571 REPORTS AND SINGLE AUDIT FOLLOW-UP PROCEDURES

December 31, 2023

Section VII-A Adjustments to DSS-1571 Reimbursement Reports

County Fiscal Audit Procedure Assistance- For information on DSS-1571 reporting and special tests and provisions related to contract procedures, internal control for information systems, indirect cost, prior approval of computer equipment and EPICS, please review the DSS Crosscutting Supplement found at:

<https://www.nctreasurer.com/state-and-local-government-finance-division/local-government-commission/annual-audit/compliance-supplements-and-resources>

A. The County Administration Accounting Unit will advise counties of adjustments affecting their administrative cost reports, DSS-1571, Parts I, Part II and Part IV.

Adjustments which may be made to submitted reports are of four types:

1. Reporting corrections of a routine, non-recurring nature primarily affecting personnel costs.
2. Adjustments resulting from periodic monitoring and exceeding allocations.
3. Adjustments resulting from scheduled audits by the Department of Health and Human Services.
4. Personnel non-compliance findings as determined by Department of Health and Human Services Regional Personnel reports.

Note: Counties submitting ‘*Requests for reclass*’ must include a statement which certifies that the reclass request being submitted is valid.

B. Occasionally, counties request reclassifications between funding sources. Some requests cannot be completed for various reasons. Reasons include:

1. Reclasses will not be completed from application codes identified as “admin” to application codes identified as “services” nor vice versa. For example, funds from application code 371 TANF CPSFCADT. SVC CO 100% Cnty cannot be reclassified to application code 226 TANF ADMIN 100% Fed.
2. Reclasses will not be completed for any application codes to which the counties have access and can reclass themselves. Counties have the ability to reclass expenditures from certain application codes such as 074, 131, 340 and 483 (please check the available codes listed in section III-A and III-B of the Fiscal Manual). This allows for a more appropriate audit trail.

Also, using the NC-CoReLS software, counties have the capability of reviewing their expenditures before it is uploaded to the State, thus enabling county staff to move

overages between funding sources before the information is submitted monthly. Counties should monitor their Funding Authorizations by using the XS411 (YTD Allocations-Expenditures) report and when funding is exhausted for a particular funding source, begin coding to another appropriate funding source.

1. General

Monitoring is a management device used to provide for standardized reviewing of local service delivery agencies, both departments of social services and provider agencies. The review consists of several components, one of which is the fiscal component. The basic purpose of this component is to help an agency (a) to avoid or minimize audit exceptions; (b) to achieve a higher level of compliance with state policies, standards and regulations; and (c) to establish corrective action methods.

In the Division, the monitoring process is the responsibility of the services program staff and is defined in detail in the Family Services Manual, Volume VI, Chapter VIII (Services Monitoring System).

2. Responsibility for Monitoring

- a. Local support staff will monitor both county departments of social services and purchase of service provider agencies at the county level; to assess compliance with policy and to assist the local agencies to upgrade the level of compliance. Provider agencies are monitored by county department staff.
- b. State office staff members (family services and Local Business Liaisons) are available to provide technical assistance to county staff.

Corrective Action and Fiscal Adjustment

State office staff will review each corrective action plan submitted by providers as required by policy. **Improperly claimed expenditures resulting in fiscal chargeback's to the provider agency (including county departments) that have been approved by the Division will be adjusted following an appeal period.** The chargeback may be absorbed by the provider agency, adjusted in the next reimbursement payment made by the state office to the provider, or arrangements may be made to spread the adjustment over a period not to exceed the remaining months of the contract period or fiscal year, as appropriate.

1. For purposes of documenting an adjustment required in the audit process, which are shown in the DSS-1571 process, the counties must do the following:
 - a. Fax or mail a copy of the Manual forms appropriate, (DSS-1571, Part I, II, or IV), showing that the adjustment was made. The change must correspond to the required audit adjustment and noted as "Audit Finding Adjustment".

- b. A statement indicating that the audit adjustment has been made and the month of the report. This statement should be submitted to the DHHS audit coordinator.
2. References:
 - Family Services Manual, Volume VI, Chapter VIII.
 - Grants Administration, 45 CFR 74, Subpart J, dated 9 June 1981.
 - NC Administrative Procedures Manual for Block Grant Funds, Section .1000, dated October 1, 1982

Personnel non-compliance situations are usually identified through routine procedures conducted by staff under the organizational direction of the Office of State Personnel. The fiscal resolution of such matters is according to the process that follows.

1. The regional personnel office provides the Division with a copy of the memorandum sent to the county director wherein he is advised of the existence of an out-of-compliance personnel situation. At the request of the Division's Chief of Local Support, the Controller's staff then proceeds to calculate the amount of the total salary and fringe benefits applicable to the non-compliance period, broken down by local/non-local participation as well as by program charged. Simultaneously, the Local Support Manager is asked to investigate and report any extenuating circumstances that should be considered.
2. In accordance with standard procedures, the Chief of Local Support advises the county of their liability in the matter, as well as their option of appealing (within 30 days) the non-compliance disallowance.
3. **The appeal consists of an informal process whereby the situation is reviewed and discussed at a meeting attended by the Division Director, the Chief of Local Support, the Local Support Manager, the County Director, and whomever else the County Director may consider appropriate.** Or, if the county prefers, the actual meeting may be dispensed with in favour of an appeal conducted via correspondence. In any case, current policy provides for no further administrative appeal beyond the Director of the Division of Social Services.
4. Subsequent to the foregoing process, the Controller's staff implements (through the Administrative Expenditure Reimbursement system) adjustments as considered appropriate by the Chief of Local Support

**SECTION
VII-B**

Section VII-B Single Audit

OMB Circular A-128 entitled “Audits of State and Local Governments”, which was originally issued on April 12, 1985, required that all local governments have an annual single audit performed for each fiscal year beginning with the county fiscal year ending June 30, 1986. This requirement included a review of both fiscal and compliance issues. Effective for fiscal years beginning on or after July 1, 1996, Circular A-128 was rescinded and its provisions were merged into the revised Circular A-133, which supersedes the prior Circular A-133 entitled “Audits of Institutions of Higher Education and Other Non-Profit Institutions”. Circular A-133 (revised June 27, 2003), now entitled “Audits of States, Local Governments, and Non-Profit Organizations”, sets forth standards for obtaining consistency and uniformity among Federal agencies for the audits of States, local governments, and non-profit organizations expending Federal awards. Any organization that receives federal or State financial assistance from a State agency is called a “subrecipient”.

G. S. 159-34 requires each State agency that awards financial assistance to local governments and public authorities to provide to the Local Government Commission (also known as the “LGC”, a division of the State Treasurer’s Office) standards of compliance and suggested audit procedures for each grant program administered by that State agency. These audit guides, which are updated annually by State agencies and published by the LGC, are commonly called “compliance supplements” and are prepared in Microsoft Word format. Compliance supplements are combined into a statewide publication entitled “Audit Manual for Governmental Auditors in North Carolina”, which can be accessed on the State Treasurer’s web site at <https://www.nctreasurer.com/office-state-treasurer> (choose State and Local Government, then Auditing and Reporting Resources, then Single Audit Resources, then Single Audit Hot Links, then 200X State Compliance Supplements [where “X” designates the State Fiscal Year]). Accordingly, compliance supplements have been developed by the Division of Social Services and other State agencies.

The LGC is responsible for receiving single audits from subrecipients on behalf of all State agencies. The LGC forwards copies of approved single audits to the N. C. Department of Health and Human Services (DHHS), Office of the Controller. Accordingly, county departments of social services are **not** required to submit any copies of their single audit reports to the Division of Social Services or to DHHS. If a response (or corrective action plan) is needed, the DHHS Controller will notify the county in writing.

Counties shall keep audit reports on file for the length of time specified in the county’s records retention and disposition schedule. Special appropriations are considered by the State to be financial assistance and thus are subject to the reporting requirements of G. S. 143-6.1. Additionally, if a county receives a special appropriation from the State that is passed through to subrecipients of the county, those subrecipients shall be subject to the same records retention and disposition requirements with respect to the records supporting the special appropriation.

The following are rules for audits of local governments, public authorities and contract agencies that receive funding from DHHS. Please note that section 10A NCAC 01A .1003 entitled "Purchase of Service vs. Financial Assistance" has been included in this manual. These sections provides guidance in determining when contractual arrangements are considered financial assistance and are subject to audit and when the contract is considered a purchase of goods/services is not subject to audit. **These rules were provided by the Audit Resolution Unit of the Office of Controller for publication in this Fiscal Manual on May 16, 2005.**

10A NCAC 01A .1001

SINGLE AUDITS OF LOCAL GOVERNMENTS AND PUBLIC AUTHORITIES

- (a) Independent auditors retained to conduct single audits for local governments or public authorities may be notified by the Department of Health and Human Services (hereinafter "the Department") or the Local Government Commission of problem areas that the audit shall address.
- (b) The Local Government Commission shall review single audits for compliance with OMB Circular A-133 and accept those single audits for the State that have been determined to comply with Federal and State requirements. Whenever a single audit is performed on a local government or public authority that received funds from the Department during the fiscal year audited, the Local Government Commission shall provide the Department with a copy of the audit report(s).
- (c) Following receipt of the audit report by the Controller of the Department, relevant portions of the report shall be sent to the Controller's Office employee who is assigned division responsibility for coordination of a departmental position on the corrective actions planned or taken.
- (d) The Department or any affected division of the Department may request any additional information deemed necessary for clarification of an audit finding, recommendation, questioned cost or the corrective action plan. The local government or public authority shall provide the information to the requesting official within 30 days after the receipt of the request. If additional information or clarification from the independent auditor is requested, the local government or public authority shall direct its auditor to provide the information requested to the requesting official within the 30 day response time.
- (e) If the Department has reason to believe that due professional care was not used in conducting a single audit or if a local government or public authority or their independent auditor is unwilling or unable to provide clarification or additional information requested by an official of the Department, a written request for review of the auditor's work papers may be filed with the Office of the State Auditor by the Controller. The Controller shall make or arrange for any review of the auditor's work papers deemed necessary for timely resolution of single audit findings, recommendations, or questioned cost.

- (f) Following receipt of any additional information requested, the Controller's Office shall prepare a recommendation to accept or reject the corrective action plan for each fiscal compliance finding, recommendation or questioned cost. The Director of an affected division shall prepare a recommendation to accept or reject the corrective action plan for each program-specific compliance finding or recommendation. If the corrective action plan is rejected, the reasons for the rejection and an acceptable corrective action shall be specified. These recommendations shall be forwarded to the Controller's Office Audit Resolution Coordinator for Governmental Audits for coordination of a Departmental position on the corrective action plan.
- (g) The Secretary of the Department shall provide the local government or public authority with a written determination which accepts or rejects the corrective action plan for each audit finding, recommendation or questioned cost that pertains to or otherwise affects a program of the Department. If the corrective action plan is rejected the reasons for the rejection and an acceptable corrective action shall be specified in the determination letter. If the corrective action plan indicates that the proposed corrective action for nonmonetary findings has not been implemented, the determination on all nonmonetary findings shall specify the time by which the local government or public authority shall implement the corrective action if different from the time proposed in the corrective action plan. The determination on all questioned costs or other charges to the Department shall state whether the cost or other charge is allowable or unallowable for reimbursement to the local government or public authority under applicable laws and rules. If a cost or other charge to the Department is determined to be unallowable for reimbursement, the determination letter shall require full monetary repayment to the Department within 60 days of the date of the determination letter. The amount of any cost or other charge determined to be unallowable shall constitute a debt due the State of North Carolina until repayment in full is received by the Department.
- (h) A determination by the Secretary of the Department required under Paragraph (g) of this Rule shall become final unless a petition for a contested case is filed in accordance with G.S. 150B-23.
- (i) Upon a petition for a contested case filed in accordance with G.S. 150B-23 monetary repayment or implementation of a corrective action required under Paragraph (g) of this Rule shall be suspended only for individual determinations or parts of a determination specifically disputed in the appeal. Interest may be charged under the conditions specified under Paragraph (j) of this Rule on the amount of any cost or other charge determined to be unallowable under Paragraph (g) of this Rule.
- (j) Except where otherwise provided by statutes or rules, Federal agencies are required to charge interest on overdue amounts in accordance with the Federal Claims Collection Standards (4 CFR Ch. II). The date from which interest is computed is not extended by litigation or the filing of any form of appeal. If a Federal agency charges the Department interest on the Federal share of an overdue amount from a local government or public authority, the Department shall charge the interest to the local government or public authority.

- (k) If a local government or public authority fails to make repayment of an amount due to the Department or obtain Department approval of a deferred payment plan by the "due date" specified in Paragraph (g) of this Rule, the Department shall offset the amount of the disallowance or any portion thereof remaining unpaid and any interest due from subsequent reimbursements or other amounts due the local government or public authority until the amount due is fully recovered.
- (l) A local government or public authority may propose a plan for repayment of amounts determined to be unallowable on an installment basis. The local government or public authority must certify that it is unable to make repayment by the "due date" specified in Paragraph (g) of this Rule and that commercial financing can not be obtained. Repayment of the Federal share of amounts determined to be unallowable shall not be allowed on an installment basis unless the Federal grantor agency approves of the installment plan or otherwise allows the Department the same installment repayment terms. Interest may be charged as specified under Paragraph (j) of this Rule while awaiting Federal approval of an installment plan or on installment payments.
- (m) If a local government or public authority fails to submit additional information requested under Paragraph(d) of this Rule or fails to implement corrective action within the time frame established by the Secretary under Paragraph(g) of this Rule, the Secretary of the Department or the Director of the requesting division may suspend all or any portion of the administrative and indirect cost funding administered by the Department until such time as the required corrective action plan or additional information is submitted as requested. Alternatively, the Secretary of the Department may issue a unilateral determination on the audit findings, recommendations, and questioned cost requiring any corrective action and repayment of questioned cost deemed necessary for compliance with the laws and rules governing assistance programs affected.

*History Note: Authority G.S. 143B-10(j); 143B-139.1; 143B-139.3; 159-34;
Eff. January 1, 1990;
Amended Eff. August 1, 2000.*

10A NCAC 01A .1002

AUDITS OF HOSPITALS, NONPROFITS, HIGHER EDUCATION AGENCIES

- (a) Public and private hospitals, public and private institutions of higher education and quasi-public and private nonprofit organizations [recipient organization(s)] which receive, use, or expend State or Federal funds must comply with the requirements of G.S. 143-6.1, Office of the State Auditor's Audit Advisory #2 and OMB Circular A-133 as applicable. These regulations detail reporting and other requirements that recipient organizations must meet in order to receive State or Federal funds. Depending on the amount of State or Federal funds received, used, or expended, the recipient organization(s) may be required to have either an audit made or a sworn accounting of receipts and expenditures.
- (b) The University of North Carolina and public hospitals operated by the State of North Carolina have annual audits performed by the State Auditor. The scope of such audits and the contents of the audit reports are the responsibility of the State Auditor and shall be accepted and relied upon by the Department unless a cognizant Federal agency finds that such audits do not meet the requirements of OMB Circular A-133.
- (c) The above audit requirements are not applicable to procurements. However, the purpose and substance of an agreement rather than form shall govern whether financial assistance was provided. A subrecipient is an entity that receives financial assistance passed down from the prime recipient. The subrecipient's responsibility is to help the recipient meet the requirements of the assistance award. The test for a subrecipient relationship is whether financial assistance is received from a recipient to carry out a program. A vendor is an entity that receives a procurement contract for goods or services. The vendor's responsibility is to meet the requirements of the procurement contract.
- (d) The above audit requirements do not replace a request for submission of audit reports in connection with requests for direct appropriation of state aid by the General Assembly through the Secretary of the Department for recommendations to the Governor and the Advisory Budget Commission and the General Assembly in accordance with G.S. 159-34.
- (e) The above audit requirements do not replace requirements for submission of a financial audit report or financial information by the Department in connection with applications for funding or licensure, provider certification or cost reporting, and other purposes not related to provision of State and Federal financial assistance.
- (f) The Secretary of the Department may grant a waiver of any or all of the audit standards to a recipient organization who does not receive any grants, contracts or other financial assistance financed in whole or in part with Federal funds when an audit of assistance financed with State funds is not otherwise required by law and is not cost effective.
- (g) Each recipient organization shall submit one copy of the audit report and corrective action plan required in Paragraph(a) of this Rule to each division of the Department which provided State or Federal financial assistance during the fiscal year covered by such audit within 30 days from the date the report is issued by the auditor, and no later than the 13th month following the close of the recipient organization's fiscal year in which assistance was received.

- (h) Upon receipt of the audit report the Department shall conduct a desk review of the audit report to determine if the reporting standards required in OMB Circular A-133 have been met. If an audit received from a recipient organization does not meet the standards required in OMB Circular A-133, the Secretary of the Department shall issue a letter of determination to the recipient organization rejecting the audit and listing the required standards that were not met. The recipient organization shall be allowed no more than 90 days from the date of receipt of the Secretary's determination letter to submit a revised audit report which meets the standards required in OMB Circular A-133. If the recipient organization fails to submit an audit report revised in accordance with the determination letter, the Secretary of the Department may suspend further financial assistance payments to the recipient organization or subject the recipient organization to an audit or compliance review by the Department or the State Auditor.
- (i) The Department or any affected division of the Department may request any additional information deemed necessary for clarification of an audit finding, recommendation, questioned cost or the corrective action plan. The recipient organization shall provide the information to the requesting official within 30 days after the receipt of the request. If additional information or clarification from the independent auditor is requested, the recipient organization shall direct their auditor to provide the information requested to the requesting official.
- (j) If the Department has reason to believe that due professional care was not used in conducting the audit required under OMB Circular A-133, or if the recipient organization or their auditor is unwilling or unable to provide clarification or additional information requested by an official of the Department, the Controller of the Department may make or arrange for any review of the auditor's work papers deemed necessary for timely resolution of the audit findings, recommendations, or questioned cost.
- (k) The Secretary of the Department shall provide the recipient organization with a written determination which accepts or rejects the corrective action plan for each audit finding, recommendation or questioned cost that pertains to or otherwise affects a program of the Department. If the corrective action plan is rejected the reasons for the rejection and an acceptable corrective action shall be specified in the determination letter. If the corrective action plan indicates that the proposed corrective action for nonmonetary findings has not been implemented, the determination on all nonmonetary findings shall specify the time by which the local government or public authority shall implement the corrective action if different from the time proposed in the corrective action plan. The determination on all questioned cost or other charges to the Department shall state whether the cost or other charge is allowable or unallowable for reimbursement to the recipient organization under applicable laws, rules and other provisions of assistance agreements. If a cost or other charge to the Department is determined to be unallowable for reimbursement, the determination letter shall require full monetary repayment to the Department within 60 days of the date of the determination letter. The amount of any cost or other charge determined to be unallowable shall constitute a debt due the State of North Carolina until repayment in full is received by the Department.

- (l) A determination by the Secretary of the Department required under Paragraph(k) or Paragraph(h) of this Rule shall become final unless a petition for contested case is filed in accordance with G.S. 150B-23.
- (m) Upon a petition for contested case filed in accordance with G.S. 150B-23, monetary repayment or implementation of a corrective action required under Paragraph(k) of this Rule shall be suspended only for individual determinations or parts of a determination specifically disputed in the appeal. Interest may be charged under the conditions specified under Paragraph(n) of this Rule on the amount of any cost or other charge determined to be unallowable under Paragraph(k) of this Rule.
- (n) Except where otherwise provided by statutes or regulations, Federal agencies are required to charge interest on overdue amounts in accordance with the Federal Claims Collection Standards (4 CFR Ch. II). The date from which interest is computed is not extended by litigation or the filing of any form of appeal. If a Federal agency charges the Department interest on the Federal share of an overdue amount from a recipient organization, the Department shall charge the interest to the recipient organization.
- (o) If a recipient organization fails to make repayment of an amount due to the Department or obtain Department approval of a deferred payment plan by the "due date" specified in Paragraph(k) of this Rule the Department shall offset the amount of the disallowance or any portion thereof remaining unpaid and any interest due from subsequent reimbursements or other amounts due the recipient organization until the amount due is fully recovered.
- (p) A recipient organization may propose a plan for repayment of amounts determined to be unallowable on an installment basis. The recipient organization must certify that it is unable to make repayment by the "due date" specified in Paragraph(k) of this Rule and that commercial financing can not be obtained. Repayment of the Federal share of amounts determined to be unallowable shall not be allowed on an installment basis unless the Federal grantor agency approves of the installment plan or otherwise allows the Department the same installment repayment terms. Interest may be charged as specified under Paragraph(n) of this Rule while awaiting Federal approval of an installment plan or on installment payments.
- (q) If a recipient organization fails to submit the corrective action plan required under Paragraph(a) of this Rule or additional information requested under Paragraph(i) of this Rule or fails to implement corrective action within the time frame established by the Secretary under Paragraph(k) of this Rule, the Secretary of the Department or the Director of the requesting Division may suspend payment to the recipient organization of all or any portion of the administrative and indirect cost funding administered by the Department until such time as the required audit, corrective action plan or additional information is submitted as requested. Alternatively, the Secretary of the Department may issue a unilateral determination on the audit findings, recommendations, and questioned cost requiring any corrective action and repayment of questioned cost deemed necessary for compliance with the laws and rules governing assistance programs affected.

*History Note: Authority G.S. 143B-10(j); 143B-139.1;
Eff. January 1, 1990;
Amended Eff. August 1, 2000.*

**10A NCAC 01A .1003
PURCHASE OF SERVICE VS FINANCIAL ASSISTANCE**

(a) Non-profit and for profit agencies that receive State or Federal financial assistance either directly from DHHS as a recipient or indirectly as a subrecipient through contractual agreements with local agencies funded by DHHS shall have a compliance audit performed in accordance with OMB Circular A-133; however, Circular A-133 does not apply to purchases of goods/services (vendors).

(b) A recipient/subrecipient is distinguished from a vendor (purchase of service agreement) by the degree of responsibility assumed to meet the requirements of the program.

(c) In a financial assistance arrangement, the recipient/subrecipient receives the funding to carry out or administer a program. A recipient/subrecipient may be responsible for determining who is eligible for participation in a program by applying pre-determined eligibility requirements. A vendor who reserves the right to reject a participant based on a criteria other than eligibility, does not become a recipient by exercising that right. A recipient/subrecipient is responsible for making programmatic decisions and its performance is measured against meeting the program's objectives. Normally, but not always, there is an interest in how program funds are expended. Although recipient/subrecipient generally have cost reimbursement grants/contracts it is possible for them to have a fee/rate per unit of service arrangement.

(d) A vendor (purchase of services/goods) is measured against the terms of a contract. Goods must meet certain specifications and services are measured against certain quality standards. A vendor normally operates in a competitive environment and once a pre-determined unit price has been established in a contract, usually there is no interest in how the vendor expends funds in meeting the vendor's obligation under the terms of the contract.

(e) In distinguishing between a purchase of service and financial assistance arrangement, the substance of the relationship is more important than the form of the agreement.

(f) Reviewing a recipient/subrecipient's contractual requirements and answering the following questions shall give an indication of the type arrangement represented by the contract.

Indication of Financial and Purchase/Assistance Service

Yes

No

1. Does the contract provider determine client eligibility?
2. Does the contract provider authorize services on a client specific basis?
3. Does the contract provider determine the appropriateness of the services to be provided?
4. Does the contract provider provide administrative functions, such as:
 - a. Program evaluation?
 - b. Program planning?
 - c. Monitoring?
 - d. Developing program standards, procedures, and rules?

5. Does the contract provider have responsibility for program compliance?
6. Does the contract provider have to submit a cost report to satisfy a cost reimbursement arrangement?
7. Does the contract provider have any obligation to the funding authority other than the delivery of the specified goods/services?
No Yes
8. Does the contract provider operate in a competitive environment?
9. Does the contract provider provide similar goods or services too many different purchasers?
10. Does the contract provider provide the goods or services within normal business operations?

The list in this Rule is not intended to be all inclusive; however, the answers to the questions shall offer guidance in distinguishing between a purchase of service or financial assistance arrangement. There may be other factors that would influence the decision on whether a contract is classified as either financial assistance or purchase of service and the decision shall only be made after weighing all factors relative to the contract. All factors will not carry the same weight. As an illustration, if any of the answers to questions 1 through 5 are yes, the contract shall almost always be a financial assistance arrangement. However, regardless of the answers to the questions, they shall not contradict a determination/classification that has been/or may be made by the funding Federal authority.

The funding DHHS Division shall be available to assist, on a timely basis, its local counterparts in making the distinction in unique situations.

*History Note: Authority G.S. 143B-10(j)(2);
Eff. June 1, 1995;
Amended Eff. August 1, 2000.*

SECTION VIII-A

SECTION VIII - SPECIAL PROCUREMENT PRACTICES AND MANAGEMENT OF PROPERTY

December 31, 2023

Section VIII-A Procurement Practices for ADP Equipment and Services

A considerable portion of the expenditures of every government is for purchases of supplies and equipment. The purchasing function includes the entire process of securing goods and services suitable to the needs of the governmental unit, when needed and at the most economical price, in accordance with applicable law and regulations.

Organization

1. **The best method of providing for the government's purchasing is to centralize responsibility for this process in one officer whose responsibilities include:**
 - a. Purchasing for all departments according to the rules and regulations established by the General Statutes and the chief executive
 - b. Supervising the delivery of all material
 - c. Supervising or operating central inventory warehouses
 - d. Maintaining a file on price quotations of supplies most frequently purchased by the unit
 - e. Maintaining other supplemental data to assist in making purchases at the best prices possible
2. Using centralized purchasing, more complete accounting control can be obtained and accurate financial reports can be prepared readily. **Vendors are allowed to deliver material for the account of the governmental unit only on the basis of an official purchase order issued through approved channels.**

Prior Approval Requirements

Certain procurements require prior written approval by or through the Division of Social Services in order for the costs incurred to be eligible for state and federal financial participation. Procurement items are mentioned in more detail in the next few pages.

Preaudit Certificate

G.S. 159-28 requires that a preaudit certificate appears on the face of each contract or purchase order, and that it be signed by the county finance officer before it becomes an obligation of the governmental unit.

An agreement that obligates the governmental unit in excess of the amount appropriated is void as to the governmental unit and could become a personal liability of the employee who made the agreement. "An obligation in violation of this employee incurs an obligation...in violation of this section; he and the sureties on his official bond are liable for any sums so committed..."

(G.S. 159.28 (e))

1. ***Requisitions***

A requisition should be initiated by the department requiring purchased commodities and forwarded to the purchasing agent. The requisition shows the quantity and type of commodities needed, the purpose for which they are to be used, and the date required. Two copies are prepared, the original going to the purchasing agent and the duplicate remaining in the department that requisitioned the commodity. Upon receiving the requisitions from the various departments, the purchasing agent notes the commodities needed and where appropriate, solicits bids from various vendors. When price quotations are received, the purchasing agent prepares a purchase order to the vendor offering the best price for the quality and type of commodity required; this is then sent to the finance officer so that he may verify the availability of funds.

2. ***Purchase Orders***

The basic document in the purchasing system is the purchase order. **A purchase order should be issued for all materials or supplies purchased by the agency.** No invoice may be honored for such commodities unless it is supported by a properly signed purchase order. The purchase order should be prenumbered, and should include complete specifications or reference to specifications, as well as shipping and invoicing instructions. The finance officer must determine whether a sufficient balance remains in the budget or appropriation to liquidate the invoice when it is received and may not validate any purchase order unless sufficient funds are available to pay the obligation when it is due. G.S. 159-28 requires a preaudit certificate signed by the finance officer to appear on the purchase order.

3. ***Formal Bidding***

Except in certain cases listed in G.S. 143-129, **contracts for construction or repairs costing \$500,000 or more and contracts for the purchase or lease purchase of supplies, materials, or equipment costing \$90,000 or more require the use of formal bidding and contracting procedures.** Dividing contracts to evade these requirements is prohibited by G.S. 143-133.

4. ***Informal Bidding***

Contracts for construction or repairs costing from \$30,000 to \$500,000 and purchases or lease-purchases of apparatus, supplies, materials, or equipment costing from \$30,000 to \$90,000 require the use of an informal bidding process. Quotations from vendors on price and availability may be solicited by phone, letter, catalog prices, or similar methods. Dividing contracts to evade these requirements is prohibited by G.S. 143-133.

1. *Receiving*

Receipt of all goods and services by the governmental unit should be reported to the purchasing agent so that the status of all purchase orders issued may be monitored and controlled. The purchasing department should ensure that it is provided with sufficient receiving information to enable it to ascertain the date, quantity, description, and condition of receipts.

2. *Payment of Vendors' Invoices*

The purchasing agent should provide to the accounting department, on a timely basis, documents and data needed to consider/approve vendors' invoices. This should include a copy of the purchase order with expected prices when issued, receiving data (if not provided directly from the receiving department), returns/allowances data, and advice of any exceptions or discrepancies noted between goods and/or services ordered and those received.

PRIOR APPROVAL REQUIREMENTS

Procurement of ADP equipment is subject to the standards of competitive selection imposed by Article 8 of General Statute 143. In addition, such procurement is subject to the standards imposed in OMB Circular A-102 (Attachment O) and in 45 CFR 74 (Subpart P) which include a requirement for the maximum degree of practical, open, and free competition, regardless of whether the procurement is made through the use of formal advertising or through negotiation. Acquisitions of automated data processing equipment (hardware and software) and services are also governed by federal regulations of the Department of Health and Human Services (USDHHS) and the Department of Agriculture, Food and Nutrition Service (USDA). Prior written approval must be obtained from both the DIT and the federal government (if USDHHS and/or USDA will be participating in any of the costs) in any of the following circumstances:

- a. The total acquisition cost is \$5 million or greater (45 CFR 95.611, 7 CFR 277.18(c), Policy IIA1). For counties, this threshold is based on annual total costs for the State Fiscal Year.
- b. The total acquisition cost is \$1 million or greater, and is acquired noncompetitively from non-governmental sources (45 CFR 95.611, 7 CFR 277.18(c), Policy IIA2). For counties, this threshold is based on annual total costs for the State Fiscal Year.
- c. Federal Financial Participation (FFP) is being requested at an enhanced rate, regardless of the acquisition cost (45 CFR 95.611, 7 CFR 277.18(c)).
- d. If an acquisition does not require DIT and Federal approval under the three circumstances above, DIT prior written approval is required, regardless of acquisition cost, if the project includes any of the following (Policy IIA4):
 - i. Development of software
 - ii. Custom modification of purchased software
 - iii. Purchase of specialized human services software other than off-the-shelf software commercially available to the public for general business or personal use

DIT and/or federal approval is obtained by submitting an Advance Planning Document (APD) to the Division of Social Services (45 CFR 95.611, 7 CFR 277.18(c), Policy IIA). Prior written approval thresholds for county acquisitions are determined based on the cumulative total for the fiscal year (Policy IIG).

Prior approval is not required for certain types of acquisitions and FFP is available at the regular rates if the acquisition does not require prior written approval by DIT and /or the federal Government as described above. An ADP Equipment Acquisition Plan must be filed with the Division of Social Services prior to the expenditures being claimed for reimbursement. To ensure that expenditures will be eligible for reimbursement, counties may wish to submit their plan

before acquisition of the equipment. Items purchased which are subsequently not approved must be funded with 100% county dollars. Acquisitions in this category are:

- a. Terminals, personal computers, personal computer printers or workstations up to the level of one such device per worker.
- b. System printers up to one per three workers or one per floor or one per site, whichever is greater.
- c. Local area networks or minicomputers when necessary to maximize the benefit of such devices and other devices as required when connecting with the State network.
- d. Off-the-shelf software commercially available to the public for general business or personal use.

Acquisitions by central county data processing facilities of data processing equipment and services from commercial sources that are acquired primarily to support public assistance programs are subject to the prior written DIT and federal approval requirements. Data processing equipment and services are considered to be primarily acquired to support public assistance programs when these programs may reasonably be expected to either be billed for more than fifty percent (50%) of the total charges made to all users of data processing equipment and services during the time period covered by the service agreement or directly charged for the total cost of the purchase or lease of data processing equipment or services (45 CFR 95.605).

Federal regulations allow equipment with a unit cost of \$5,000 or less to be expensed, rather than depreciated, regardless of the total cost of the acquisition. ADP equipment is also subject to the use and disposition requirements that are covered in 45 CFR 74, Subpart O.

**SECTION
VIII-B**

Section VIII-B Management of Inventory

1. Local Government Units

Procedure No. 15 of the North Carolina Local Government Commission Procedure Manual defines and outlines the procedures by which a county purchases, utilizes, and disposes of fixed assets. In addition, the important control over accountability of these fixed assets is the fixed asset inventory. Specifically, G.S. 159-26(b) (8) requires that effective July 1, 1976 **each local government unit establish and maintain "a ledger or group of accounts in which to record the details relating to the general fixed assets of the unit or the public authority."**

2. Other DSS Funded Programs

The programs funded by the Division of Social Services are also subject to Federal regulations. Subpart 0 of 45 CFR 74 allows for similar basic guidelines and includes specific regulations in the areas of program usage and disposition. The North Carolina Administration Procedures Manual for Block Grants Funds (October 1, 1982) sets forth similar standards and procedures applicable to both local and other DSS funded programs or projects.

Procedures for managing equipment until transfer, replacement, or disposition takes place, must meet the following requirements:

1. *Equipment Management Requirements*
 - a. Property records shall be maintained accurately. For each item of equipment, the records shall include:
 - (1) A description of the equipment, including manufacturer's model number, if any.
 - (2) An identification number, such as the manufacturer's serial number.
 - (3) Identification of the grant under which the recipient acquired the equipment.
 - (4) The information needed to calculate the Federal share of the equipment (See paragraph 74.142, 45 CFR Part 74).
 - (5) Acquisition date and unit acquisition cost.
 - (6) Location, use, and condition of the equipment and the date the information was reported.
 - (7) All pertinent information on the ultimate transfer, replacement, or disposition of the equipment.
 - b. **A physical inventory of equipment shall be taken and the results reconciled with the property records at least once each year** to verify the existence, current utilization, and continued need for the equipment. The inventory may be taken during the year but shall be updated in order to be effective on the last day of the fiscal year or project period. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the differences.
 - c. A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
 - d. Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
 - e. Where equipment is to be sold and the Federal Government is to have a right to part or all of the proceeds, selling procedures shall be established which will provide for competition to the extent practicable, and which will result in the highest possible return.

2. *Use of Equipment*

Federal and State regulations require that, unless transferred, equipment shall be used by the recipient in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. Transfer to other similar projects or programs can be made (45 CFR Subtitle Part 74.34).

3. *Replacement of Equipment*

The replacement and disposition of equipment funded by grants subject to 45 CFR 74 are governed as follows:

- a. Equipment may be exchanged for replacement equipment if needed. The replacement may take place either through trade-in, or through sale and subsequent application of the sale proceeds to the acquisition cost of replacement equipment. In either case, the transaction must be one which a prudent person would make in like circumstances.
- b. If an additional outlay to acquire the replacement equipment is charged as a direct cost to Federal funds or is used as required cost-sharing or matching under a Federal award, the replacement equipment shall be subject to whatever property requirements or exemptions are applicable to that award. If the award is a grant from HHS, the full acquisition cost of the replacement equipment shall determine which provisions of Subpart 0 apply.
- c. For any replacement not covered by subparagraph b. of this paragraph, the provisions of this paragraph applicable to the equipment replaced shall carry over to the replacement equipment. However, none of the provisions of this paragraph shall carry over if (1) the Federal share of the equipment replaced was 10 percent or less or (2) the product of that share times the amount received for trade-in or sale is \$100 or less.

4. *Disposition of Equipment*

When original or replacement equipment is no longer to be used in projects or programs currently or previously sponsored by the Federal Government, disposition of the equipment shall be made as follows:

- a. For equipment with a current per unit fair market value of \$5,000 or more, the recipient may retain the equipment for other uses provided compensation is made to the original agency or its successor.

If the recipient has no need for the equipment, the recipient may request disposition instructions from the awarding agency to retain, sell, or otherwise dispose of the equipment. The equipment disposition instructions must be issued to the recipient no later than 120 calendar days after its request. (45 CFR 74.34)

b. *All other Equipment:*

- (1) **The equipment may be retained or sold, and the Federal Government shall have a right to an amount calculated by multiplying the current market value or the proceeds from sale by the Federal share of the equipment (45 CFR 74.34). However, if the equipment is sold the recipient shall be permitted to deduct and retain \$500 or ten percent of the total sales proceeds, whichever is less, from the amount otherwise due for selling and handling expenses.**
- (2) If the recipient's project or program for which or under which the equipment was acquired is still receiving grant support from the same Federal program and if the granting agency approves, the net amount due may be used for allowable costs of that project or program. Otherwise, the net amount must be remitted to the granting agency by check.

5. *SUPPLIES*

If supplies exceeding \$5000 in total aggregate market value are left over upon termination or completion of a grant or subgrant for which they were acquired and the supplies are not needed for any project or program currently or previously sponsored by the Federal Government, the recipient shall retain the supplies for use on non-federally sponsored activities or sell them. In either case, the recipient shall compensate the Federal Government for its share. The amount of compensations shall be computed in the same manner as for equipment. (see 74.34 (g)).

6. *REFERENCES*

- a. Title 45, Code of Federal Regulations, Part 74.
- b. DHHS Administration of Grants, June 9, 1981.
- c. N.C. Administrative Procedures Manual for Federal Block Grants Funds, October 1, 1982.

As a part of the development and installation of our statewide automated information systems, state-owned automatic data processing (ADP) equipment has been and will continue to be purchased and deployed to county departments of social services until all systems are fully implemented. This is to clarify certain issues relating to the state/county responsibilities for such equipment.

Insurance:

As state-owned property, this ADP equipment is automatically insured up to a maximum valuation of \$50,000 per location through the State's routine coverage. However, in the event that the value of equipment exceeds this amount for any given location, the State Division of Social Services will notify the State Department of Insurance so that provisions can be made for additional coverage.

Equipment Safeguards:

Counties are responsible for safeguarding state-owned ADP equipment while is in the county's custody. Although the list is not intended to be all-inclusive, the following measures are provided as guides to assist in the prevention or reduction of theft or damage for which the county could be held accountable:

- Control Access, including the use of personnel identity devices as well as locked and/or electronically-controlled entrances.
- Work area neatness, to include policy that precludes food and beverages from close proximity to ADP equipment. Plants or anything else with liquid in it should not be placed on terminals or printers.
- Compliance with manufacturer's recommendations for care and maintenance of ADP equipment.
- Anti-theft devices on smaller items of ADP equipment (such as microcomputers, printers, terminals, CRT's, etc.) located in open-access areas. Such devices could include physical restraints (chains, cables) or electronic movement detectors.
- Fire protection. This could encompass provisions ranging from portable extinguishers to area inert-gas systems.
- Compliance with manufacturer's recommendations for electric service.

I. EQUIPMENT INVENTORY:

All ADP equipment purchased by the State Division of Social Services (DSS) and deployed to counties is listed on the Division's fixed asset inventory and is a part of the Division's official accounting records. Additionally, the Department of Health and Human Services (DHHS), Division of Information Resource Management (DIT) maintains a control inventory of all ADP equipment owned by DHHS and all of its divisions as well as a network configuration of all DHHS equipment connected to the State Computer Center (SCC) network. Both State agencies must be informed when there are changes regarding the quantity, location, condition, etc., of state-owned ADP equipment in counties. For this purpose, **each county should designate a contact person to be responsible for the county's ADP equipment.** The name of this contact person should be forwarded to the DHHS, Office of the Controller, Accounts Payable, Team A so that the proper person may be contacted concerning inventory matters. This contact person will be responsible for notifying DSS and Division of Information Resource Management of such changes by using the following procedures:

1. Receipt of New ADP Equipment

Under certain circumstances, county departments of social services receive ADP equipment to support existing automated systems or new systems that are being developed.

a. Equipment to Support Existing Systems

Additional equipment for existing systems is usually ordered and delivered as individual items rather than bulk shipments of several items of equipment. This type of purchase is made in response to a specific request from a county and is contingent upon availability of State funding.

When a state-owned item of ADP equipment is received by a county, the following information must be provided to the Telecommunications Office of Division of Information Resource Management:

- (1)* manufacturer and model
- (2)* serial number
- (3)* purchase order number
- (4)* date received
- (5)* A copy of the signed and dated receiving report, along with the packing slip and a letter providing the information in 1.a. and b. above. This must be sent to the following address immediately upon receipt of the equipment.

Department of Health and Human Services
Division of Information
Resource Management
Telecommunications Office
695 Palmer Drive Raleigh, NC 27603

Division of Information Resource Management staff will provide DSS with a copy of the above listed information, along with the original green receiving report, signed and dated, which was previously forwarded to Division of Information Resource Management.

b. *Equipment to Support New Systems*

ADP Equipment to support new automated systems is usually ordered as a package and each county receives several items of equipment. All counties will be notified of the planned delivery and installation schedules for this type of bulk procurement of equipment. Every attempt will be made to notify each county of the equipment delivery date; however, manufacturers delivering the equipment may not always provide a delivery date. Therefore, Division of Information Resource Management may not be able to notify each county of the delivery date. When a county receives a shipment of multiple pieces of equipment, the county should store the equipment in a safe place in the original shipping crates. Division of Information Resource Management staff will uncrate the equipment, verify receipt and get all inventory information for both Division of Information Resource Management and DSS at the time of installation. Counties that do not have room to store the equipment in the shipping crates until installation should discuss alternative handling and storage arrangements with Division of Information Resource Management when installation requirements are being finalized.

c. *Assignment of Fixed Asset Decals*

After Division of Information Resource Management notifies DSS that ADP equipment has been received in counties, **DSS will assign an asset control number to the property.** This asset control number appears on an asset control decal (adhesive tag) that is to be attached to the property to which it is assigned. DSS will send the asset control decal(s) to the county having physical custody of the property with instructions to affix the attached decal(s) to the property. Form DSS-3764 will be used to transmit the decal(s). Further instructions are to sign and date the Form

DSS-3764 when the decal attachment(s) is completed and return a signed copy to DSS (See Exhibit A for a blank copy of Form DSS-3764)

2. Annual Physical Inventory

Property management standards require that an inventory of fixed assets be taken and the results reconciled with fixed asset records at least once each year to verify the existence, location, condition, and continued need for the asset. **The Division of Social Services' annual physical inventory must include the state-owned equipment that has been deployed to local agencies.**

a. *Inventory Worksheet by Assigned RCC (FAZ090)*

The report "Inventory Worksheet by Assigned RCC (FAZ090)" lists all of the fixed assets assigned to a particular Responsibility Cost Center (RCC) in the Division's fixed asset system. An Inventory Worksheet FA 080 is prepared for each county department of social services. For each asset, this report lists the item number (asset control number), control class, description, manufacturer, serial number, acquisition date, cost, date of last inventory, and asset condition, as well as a space for user comments. The Division's annual physical inventory is performed by verifying and revising, if needed, the information on these Inventory Worksheets for all RCC's and counties.

b. *Independent Verification*

The actual physical inventory is to be conducted by an individual that is not assigned to the unit to which the equipment being inventoried is assigned.

c. *Conducting the Physical Inventory*

Each individual item on the inventory worksheet must be physically examined to determine that the asset is properly decal (item number), adequately described, and in the unit's custody. The last digit of the item number as it appears on the listing should be ignored since it is not on the decal. For example, item number 000704-9 would appear as 000704 on the decal attached to the equipment. All equipment must have both a manufacturer's name and a serial number present on the listing, with the exception of items such as tables, desk chairs, and file cabinets that usually do not have the manufacturer's name or serial number present. The location of each asset must be listed. Counties should indicate locations by the county's number.

In the event of any inaccuracies, such as room number, description, serial number, manufacturer or equipment condition, corrections may be penned in on the inventory sheet as long as the corrections are neat and legible.

Inaccuracies such as equipment appearing on the list and not found, or found and not on the list should be addressed to the DHHS, Office of the Controller, Accounts Payable, Team A in memorandum form listing the equipment and the circumstances surrounding its status.

If any equipment has been stolen, a copy of the police report along with a memorandum explaining the circumstances of the theft should be forwarded to the DHHS, Office of the Controller, Accounts Payable, Team A with the completed inventory sheet. (See Section "Theft and Misuse of State Property" for this procedure)

During the actual comparison of the inventory listing with the property, place a checkmark beside of the item numbers to indicate that all of the information has been verified as complete. Any items not found should not have a checkmark beside the item number but should be included as an item in the memorandum previously described.

d. ***Reporting the Results of the Physical Inventory***

After completion of the inventory, the inventory worksheet must be signed by the individual performing the actual verification and by the county director. **The signed inventory worksheet and any attached memorandum(s) are to be forwarded to the DHHS, Office of the Controller, Accounts Payable, Team A, Raleigh, NC 27605.** The completed worksheets will be used to update fixed asset records, if necessary, and retained as supporting documentation to agency financial statements. It is essential that inventory worksheets be checked thoroughly and returned to the Budget and Accounting Section within stated deadlines so that agency records will be complete and accurate at the year-end.

II. RELOCATION OF EQUIPMENT:

ADP equipment may be transferred from one physical location to another within a county department of social services; from one county department of social services to another; from a county department of social services to a State agency (Division of Information Resource Management and DSS); or from a State agency (Division of Information Resource Management and DSS) to a county department of social services. (Property that is no longer functional or no longer needed and therefore needs to be surplus is addressed under the section "Disposition of Property.")

It is the responsibility of the parties involved in the transfer of property to notify the DHHS, Office of the Controller, Accounts Payable, Team A of the transfer so that agency records can be revised. Division of Information Resource Management maintains a network configuration of all DHHS equipment connected to the SCC network. For this reason, it is necessary that Division of Information Resource Management be notified any time that a piece of data processing equipment connected to the SCC network is moved from one location to another. Notices of all transfers are to be made by completion and submission of Form DSS-3768, "Equipment Transfer/Surplus Transmittal" to the Accounts Payable Team A. A copy of the DSS-3768 will also be sent to Division of Information Resource Management. (See Exhibit B for a blank copy of Form DSS-3768.) Individuals to whom equipment is assigned are not relieved of responsibility for that equipment, regardless of whether it has been transferred to others, unless written notice of release of the item and reassignment to another is submitted to the Budget and Accounting.

1. Property Transfers Within a County Department of Social Services

When property is transferred from one physical location to another within a county department of social services and responsibility for and custody of the item(s) is not changing, Form DSS-3768, "Equipment Transfer/Surplus Transmittal" must be completed to notify the Division of Information Resource Management of the location change. Part I - Transferring of DSS-3768 should be completed in accordance with the instructions provided in Section "D" with the following exceptions:

- a. The new physical location of the item should be entered in the "location" column under the heading "receiving unit," and
- b. Since responsibility and custody of the item is not changing, only one signature is required rather than two.

2. Property Transfers Between County Departments of Social Services

When property is transferred from one county department of social services to another and responsibility for and custody of the item is being reassigned, Form DSS-3768, "Equipment Transfer/Surplus Transmittal" must be completed to notify the Division of Information Resource Management of the change. Part I – Transferring of DSS-3768 should be completed in accordance with the instructions provided in Section "D".

3. Property Transferred to a County DSS from Division of Information Resource Management or DSS and Property Transferred from Division of Information Resource Management or DSS to a County DSS

Property transfers of this type must be reported to the Accounts Payable Team A regardless of whether ownership is being transferred or the equipment is just "on loan." Form DSS-3768, "Equipment Transfer/Surplus Transmittal" must be completed to notify the Budget and Accounting Section of the acquisition. Part I - Transferring of DSS-3768 should be completed in accordance with the instructions provided in Section "D" with the following exceptions:

- a. The office receiving the equipment should initiate the DSS-3768 and obtain the required information and signature from the other agency that is giving up or loaning the equipment. Only the name of the other agency needs to be entered in the Transferring Unit Location Column. The Transferring Unit Fund/RCC Column can be left blank.
 - b. If equipment is simply being loaned to an office by another agency, "LOAN" must be entered as a parenthetical note in the description column for items on loan.
4. **Instructions for Completing Equipment Transfer/Surplus Transmittal, Form DSS-3768**

PART I - TRANSFERRING:

The transferring unit is responsible for initiation of the form and for insuring that the following columns are filled in completely and accurately:

Decal Number Enter the asset control number assigned to the piece of equipment which is shown on the asset control decal that is affixed to the item. Since the first four digits on each 10-digit decal number are 4440, which identifies the equipment as being owned by the Division of Social Services, "4440" is preprinted on Form DSS-3768. The last six digits are unique to each individual item of equipment and must be entered by the transferring unit.

Example: 4440-012536

Quantity Enter the number of items being transferred. Each item of equipment *must* have a decal number.

Description Enter a complete description of the equipment being transferred which would include the manufacturer and model number when applicable. If connected to the SCC Network, the Old Terminal or Printer ID and New Terminal or Printer ID must be included in the description.

Example: IBM 3276 Controller

Serial Number Enter the serial number of the piece of equipment if applicable.

Example: B 376 TC 4817

Transferring Unit:

Fund/RCC Enter the Fund Number and Responsibility Cost Center (RCC) Number assigned to the transferring unit. County dss should enter the county number.

Example: 1110/1010

Location

Units located in the Albemarle Building, enter the building name and room number where the equipment is physically located.

Example: Albemarle - 910-A

Units located outside of the city of Raleigh, enter the name of the building, room name or number, the street address, and the city or town.

Example: AAA Glass Building
 Room 73
 930 Robeson Street
 Fayetteville, NC

NOTE: This is a very critical item of information, especially for agencies and units located outside of the Albemarle building and outside of Raleigh. The information in this column is used to ensure that adequate insurance coverage is maintained on the equipment at a given location.

Upon completion of the above items, the head of the transferring unit must sign the form on the line labeled "Signature of Transferring Authority" and enter the current date. The signature of the transferring authority indicates that the information contained on the form is correct and accurate. The pink copy of the form should be detached and kept for the transferring unit's records as documentation of release of custody and therefore responsibility for the asset. The remaining three copies of the form will accompany the piece(s) of equipment being transferred to the receiving unit.

NOTE: The line "Signature of Division of Information Systems Authority" applies: (1) to transfers of DSS owned equipment that is assigned to the Division of Information Resource Management, and (2) to transfers of DSS owned equipment that is assigned to county departments of social services and is being transferred to another location by the Division of Information Resource Management.

If Division of Information Resource Management is handling the transfer of equipment, the Division of Information Resource Management staff person should sign the DSS-3768 on the line "Signature of Division of Information Systems Authority" before the pink copy of the form is detached by the transferring unit. This is necessary for the transferring unit's records to show to whomever custody was transferred.

Receiving Unit:

The receiving unit, upon receipt of the equipment and form, has the responsibility of completing the following items under this column:

Fund/RCC: Enter the Fund Number and Responsibility Cost Center (RCC) Number assigned to the receiving unit. County dss should enter the county number.

Example: 1120/1020

Location: Units located in the Albemarle Building, enter the building name and room number where the equipment is physically located.

Example: Albemarle - 920-B

Units located outside of the Albemarle Building and/or outside of the City of Raleigh, enter the name of the building, the room name or number, the street address, and the city or town.

Example: AAA Glass Building
Room 102
930 Robeson Street
Fayetteville, NC

PART II - SURPLUSING:

Instructions for completing this part are provided in "Disposition of Property." Part II of the form is not to be completed when property is being transferred.

Upon completion of the above items, the head of the receiving unit must sign the form on the line labeled "Signature of Receiving Authority" and enter the current date. The signature of the receiving authority indicates that all of the information relating to the piece(s) of equipment, decal number, quantity, description, and serial number is current and that the information the receiving unit is responsible for filling in is accurate. The receiving unit will detach the blue copy for its records as documentation of assignment of custody and responsibility for the asset. The remaining copy(s) of the form are to be forwarded to the:

DHHS, Office of the Controller
Accounts Payable, Team A
1050 Umstead Drive
Raleigh, NC 27603

NOTE: The line "Signature of Division of Information Resource Management Authority" applies: (1) to transfers of DSS owned equipment that is assigned to the Division of Information Systems, and (2) to transfers of DSS owned equipment that is assigned to county departments of social services and is being transferred to another location by the Division of Information Resource Management.

If Division of Information Resource Management is handling the transfer of equipment, the Division of Information Resource Management staff person should sign the DSS-3768 on the line "Signature of Division of Information Resource Management Authority" before the pink copy of the form is detached by the transferring unit. This is necessary for the transferring unit's records to show whom custody was transferred to.

- 5. Blank DSS-3768 forms are available through the supply requisitioning process from the Supply Room.**

III. DISPOSITION OF EQUIPMENT

State owned equipment that is no longer functional or no longer needed by the office to which it is assigned should be surplusd. County departments of social services are to complete Form DSS-3768, "Equipment Transfer/Surplus Transmittal" and submit it to the General Accounting Section to request disposition of state-owned equipment. **If the item is in good condition, the Accounts Payable, Team A will check with other DSS units to see if they need the equipment. If the item is not functional or is not needed by any DSS offices, it will be transferred to the State Property Office for resale.** The item(s) must be kept in the county department of social services until picked up by the movers.

1. Instructions for Completing Equipment Transfer/Surplus Transmittal Form DSS-3768

PART I - TRANSFERRING:

Instructions for completing this part are provided in "Relocation of Equipment." Part I of the form is not to be completed when property is being surplused.

PART II - SURPLUSING:

The unit surplusing the equipment is responsible for initiating this form and providing all of the requested information.

Decal Number Enter the asset control number assigned to the piece of equipment which is shown on the asset control decal that is affixed to the item. Since the first four digits on each 10-digit decal number are 4440, which identifies the equipment as being owned by the Division of Social Services, "4440" is preprinted on Form DSS-3768. The last six digits are unique to each individual item of equipment and must be entered by the surplusing unit.

Example: 4440-012536

Quantity Enter the number of items being transferred. Each item of equipment must have a decal number.

Description Enter a complete description of the equipment being transferred which would include the manufacturer and model number when applicable.

Example: IBM 3276 Controller

Condition Enter the condition of the item of equipment using one of the following designations:

Good, Fair, or Poor

The pink copy of the form should be detached for the unit's records and the remaining copies forwarded to the Accounts Payable, Team A. The Accounts Payable, Team A will sign and date the Form DSS-3768 in the space labeled "Signature of Receiving Authority." The Accounts Payable, Team A will return the canary copy of the DSS-3768 to the surplusing unit along with a yellow tag that is to be affixed to the surplus equipment by the surplusing unit. The surplusing unit will be notified by telephone when arrangements are made for the equipment to be picked up and transported to the State Property Office. Division of Information Resource Management will be notified by DSS when the equipment should be removed from Division of Information Resource Management inventory.

2. **Blank DSS-3768 forms are available through the supply requisitioning process from the Supply Room**

IV. THEFT OR MISUSE OF STATE PROPERTY

The Division of Social Services must promptly report incidents of theft or misuse of State property, no matter how minor in nature, through normal channels. The theft or misuse of state-owned property in the custody of county departments of social services must also be reported. North Carolina General Statute 114-15.1 provides for reporting of misuse of State property as follows:

1. **North Carolina General Statute 114-15.1**

"114-15.1 Department heads to report possible violations of criminal statutes involving misuse of State Property to State Bureau of Investigation.

Any person employed by the State of North Carolina, its agencies or institutions, who receives any information or evidence of an attempted arson, or arson, damage of, theft from, or theft of, or embezzlement from, or embezzlement of, or misuse of, any state-owned personal property, buildings or other real property, shall as soon as possible, but not later than three days from receipt of the information or evidence, report such information or evidence to his immediate supervisor, who shall in turn report such information or evidence to the head of the respective department, agency, or institution. The head of any department, agency, or institution receiving such information or evidence shall, within a reasonable time but no later than 10 days from receipt thereof, report such information in writing to the Director of the State Bureau of Investigation.

Upon receipt of notification and information as provided for in this section, the State Bureau of Investigation shall, if appropriate, conduct an investigation.

The employees of all State departments, agencies and institutions, are hereby required to cooperate with the State Bureau of Investigation, its officers and agents, as far as may be possible, in aid of such investigation.

If such investigation reveals a possible violation of the criminal laws, the results thereof shall be reported by the State Bureau of Investigation to the district attorney of any district if the same concerns persons or offenses in his district."

2. Reporting Theft or Misuse of State Property

The procedures for county departments of social services to report theft or misuse of State property are as follows:

- a. **The employee suspecting an incident of theft or misuse should report the incident to his/her supervisor within three (3) days.**
- b. **The supervisor should notify the County Director of the incident immediately and complete Form SBI-78. (See C. below for instructions for completing this form.)**
- c. **The County Director will report the incident to the State DSS Director who will forward the report through proper channels to the State Bureau of Investigation.**

In the event of potentially serious incidents, immediate reports may be made by telephone to the State DSS Director.

3. Instructions for Using Form SBI-78

The form for reporting incidents of theft or misuse of State property is Form SBI-78. (See Exhibit C for a blank copy of this form.) Supervisors should submit an original and two copies of the form to the County Director for signature and transmittal to the State DSS Director.

Copies of Form SBI-78 may be obtained from the DHHS, Office of the Controller, Accounts Payable, Team A. These forms should only be requested when needed. They are not stocked by the Forms and Supply Branch.

APPENDIX I**DSS-1571 FISCAL MANUAL
INDEX**[A](#) | [B](#) | [C](#) | [D](#) | [E](#) | [F](#) | [I](#) | [J](#) | [L](#) | [M](#) | [N](#) | [P](#) | [R](#) | [S](#) | [T](#) | [U](#) | [V](#) | [X](#) |**[A](#)**

[Abbreviations Appendix II-1](#)
[Accrued Expenditures I D-1](#)
[Adjustments to DSS-1571 VII A-1](#)
[Administrative Staff III A-2](#)
[ADP Equipment II A-4, III B-4](#)
[Allocation Formulas VI A-2](#)
[Attorney Rates II A-3, III B-6, III C-3](#)
[Audit Adjustment VII A-1](#)
[Audit Procedures VII B-1](#)

[B](#)

[Bad Debts II B-1](#)
[Benefits II A-1](#)
[Bidding II D-2](#)
[Board Member II A-3](#)
[Bonds II A-8](#)
[Bonuses II A-1](#)
[Budget Office Contact Appendix III-1](#)
[Building Space II C-3](#)
[Business Liaisons Appendix III-2](#)

[C](#)

[Capital Expenditures II C-3](#)
[CFDA #s V A-11](#)
[Child Day Care III C-2](#)
[Child Support Fees III C-5](#)
[Circular A-87 Contact II F-3](#)
[Controller's Office Contact Appendix III-1](#)
[Corrective Action VII A-2](#)
[Cost of Space II A-3, II C-3, II D-1](#)
[Cost Sharing III C-3](#)
[County Administration Accounting Unit Appendix III-1](#)

[D](#)

[Data Entry Operator III A-9](#)
[Depreciation II E-3](#)
[Direct Charging Equipment III B-1](#)
[Disposition of Equipment VIII B-14](#)
[Documentation I D-1](#)

E

[EFT VI B-1](#)

[Entertainment Costs II B-1](#)

[Equipment-Definition II A-4](#)

[Equivalency III A-16](#)

[Expensing Equipment III B-1](#)

F

[Failure to Arrange for Public Assistance VI C-2](#)

[Faxing Statement IV A-2](#)

[Fines II B-1](#)

[Formal Bidding VIII A-2](#)

[Function Codes III A-3](#)

[Funding Authorizations VI A-1](#)

[Furniture II A-4](#)

I

[Income Maintenance III A-2 thru 12](#)

[Indirect Cost Plan Due Date II E-3](#)

[Indirect Cost I C-2, III B-8](#)

[Indirect Cost II E-1](#)

[Informal Bidding VIII A-2](#)

[In-Home Aide III A-11](#)

[Insurance VIII B-5](#)

[Interest Payments II B-1](#)

[Interpreters III B-7](#)

[Interim Payment Process VI B-1](#)

[Introduction I A-1](#)

[Inventory Records I D-1](#)

J

[Janitorial Staff II A-1, III A-1](#)

L

[Land II E-1](#)

[Lease II D-6](#)

[Lease-Purchase Agreements II A-7](#)

[Legal Expenses II A-2](#)

[Legal Services \(IV-D\) III D-5](#)

M

[Mailing Address VI B-1](#)

[Maintenance – Major II D-4](#)

[Maintenance – Routine II D-3](#)

[Maintenance Costs II D-2](#)

[Management of Inventory VIII B-1](#)

[Management Studies II C-2](#)

[Meal II F-26](#)

[Memberships II F-33](#)**N**[Notary Public Fees II A-9](#)**P**[Parking Facilities II D-5](#)[Part IA III A-7](#)[Part IB III A-11](#)[Part IC III A-15](#)[Part I Codes III A-3](#)[Part II III B-1](#)[Part II Codes III B-10](#)[Part IV III C-1](#)[Part IV Fund IDs III C-8](#)[Penalty for Late Submittal VI B-2](#)[Personal Computers II C-3](#)[Personnel Costs I D-1](#)[Personnel Non-Compliance VII A-3](#)[Physical Inventory VIII B-2, VIII B-8](#)[Physicians II A-9](#)[Preaudit Certificate VIII A-2](#)[Prior Approval II C-1](#)[Prior Approval Requirements VIII A-4](#)[Procurement Practices VIII A-1](#)[Professional Services II A-1](#)[Psychiatrists II A-9](#)[Purchase Orders VIII A-2](#)[Purchased Attorney Services III C-3](#)**R**[Reconciling the DSS-1571 V A-1](#)[Registration Fees II A-7](#)[Reimbursement Reports I B-1](#)[Rental Purchase II D-6](#)[Repair of Equipment III B-8](#)[Replacement of Equipment VIII B-3](#)[Reporting Indirect Cost II E-1](#)[Retention Records I E-1](#)[Retirees II F-20](#)**S**[Self-Insurance Plans II C-1](#)[Single Audit VII B-1](#)[Staff Attorney III A-14](#)[Standard Useful Life II D-3](#)[State Owned Equipment VIII B-6](#)[Submission of DSS-1571 IV A-1](#)

[Supervisors I D-1](#)

[Supplies II A-3, III B-8](#)

[Support Workers III B-7, I D-1](#)

[Surplus VIII B-14](#)

T

[Taxes II A-8](#)

[Telephone III B-9](#)

[Temporary Employees III A-23](#)

[Terminals II C-3](#)

[Theft or Misuse of State Property VIII B-16](#)

[Training II A-7, III B-9](#)

[Transferring State Owned Equipment VIII B-15](#)

[Transportation III B-8](#)

[Travel II A-7, III B-7](#)

U

[Unallowable Cost II B-1](#)

[Use Allowance II E-1](#)

[Useful Life II E-3](#)

V

[Vehicles II A-5](#)

[Volunteers III A-24](#)

X

[XPTR/Access Codes Appendix IV-1](#)

[XPTR New User Access I B-2](#)

APPENDIX II**ABBREVIATIONS**

ADC	Adult Day Care
ADP	Automated Data Processing
APP	Adolescent Parenting Program
CFDA	Catalog of Federal Domestic Assistance
CIP	Crisis Intervention Program
CPA	Certified Public Accountant
CPS	Child Protective Services
DCD	Division of Child Development
DHHS	Department of Health and Human Services
DSS	Department of Social Services
EFT	Electronic Funds Transfer
E&T	Employment and Training
FC	Foster Care
FFP	Federal Financial Participation
FRC	Federal Reimbursement Codes
FS	Food Stamps
FSA	Family Support Act
FTE	Full Time Equivalencies
FTP	File Transfer Protocol
H & HI	Housing and Home Improvement
HCCBG	Home and Community Care Block Grant
ILPS	Independent Living Program Services
IMC	Income Maintenance Caseworker
INH	In-Home
IV-D	Child Support Enforcement
IV-E	Foster Care
LGC	Local Government Commission
LIHEAP	Low Income Home Energy Assistance Program
MA	Medicaid
OMB	Office of Management and Budget
P & D MLS	Preparation and Delivery of Meals
PA	Public Assistance
PP	Permanency Planning
RCC	Responsibility Cost Center
SAA	Special Assistance to Aged
SAD	Special Assistance to Disabled
SIS	Services Information System
SSBG	Social Services Block Grant
ST/INH	State In-Home
TANF	Temporary Assistance for Needy Families
USDA	United States Department of Agriculture

APPENDIX III**CONTROLLER'S OFFICE AND FISCAL OFFICE ORGANIZATION
INDEX**

<u>Name</u>	<u>Title</u>	<u>Phone No.</u>
Laketha M. Miller	Controller	(919) 855-3745
Suzanne Beasley	Accounting/Financial Management Director	(919) 527-6061
Lem Harris	Branch Head Subsystems (Public Assistance, NCAS Interface Claims & Subsystems)	(919) 527-6136
Myra Dixon	Public Assistance Manager (County Admin, Cash Assist NCFAST, Foster Care Adoption, FNS-EBT)	(919) 527-6150
COUNTY ADMINISTRATION		
Pricillia Tabon	Unit Supervisor	(919) 527-6150
Kenneth Eason		(919) 527-6150
Brenda Rochelle		(919) 527-6150
PUBLIC ASSISTANCE		
Queena Motley	Unit Supervisor	(919) 527-6126
Erica Faison		(919) 527-6124
Darius Douglas		(919) 527-6128
Latitia Ransome		(919) 527-6132
Debbie Hawkins		(919) 527-6122

DIVISION OF SOCIAL SERVICES-FISCAL

Vacant	Chief Budget Officer	(919) 527-6416
Vacant	Budget Analysis	(919) 527-6412
Jami Boylan	Budget Analysis	(919) 527-6419
Jessica Alston	Budget Analysis	(919) 527-6417
Vacant	Budget Analysis	(919) 527-6414

Tiffiney Newton	Fiscal Section Chief	(919) 527-6415
Joy Hinton	Purchasing Officer	(919) 527-6418
Beverly Wilson	Accounting Technician	(919)-527-6411

LOCAL BUSINESS LIAISONS & FISCAL COMPLIANCE MONITORS

Kim Goodwin	Supervisor	(252) 333-2246
Pam Graham	LBL	(980) 579-1599
Caleb Hawkins	LBL	(252) 495-4359
Pamela Bell	LBL	(252) 382-2810
Caroline Hedrick	LBL	(336) 300-6891
Angela Bailey	LBL	(984) 800-3807
Beth Winstead	LBL	(252) 947-2260
Joyce Blackburn	FCM	(919) 437-9370
Charles Robertson	FCM	(336) 416-3435

APPENDIX IV

**NC X/PTR REPORT NAMES AND DESCRIPTIONS
INDEX**

NC X\PTR Report Names	Descriptions of NC X/PTR Reports
DHRWCA DAILY XS305/BX EDIT REPORT	Edit errors for the Part I, II and IV
DHRWCA DAILY XS315 PART I/II REPORT	Good transactions of Part I & II
DHRWCA DAILY XS319 PART IV REPORT	Good transactions of Part IV
DHRWCA COUNTY TRANSMITTAL BALANCE REPORT	Parts I, II, and IV Balance Control Report (compares upload file total with "Statement" total)
DHRWCA COUNTY FTE COUNT	Total FTE Count for Parts IA, IB and IC
DHRWCA WCA335 XS325 SUM & DIST REPORT	Distribution report
DHRWCA WCA335 XS335 REIMB EXPEN REPORT	Reimbursement of Expenditures for month
DHRWCA WCA375 XS337 CTY SUM REPORT	Reimbursement of Expenditures for Year-To-Date
DHRWCA WCA410 XS411C CTY MTH ALLOCATIONS	Allocation balances
DHRWCA WCA450 NOTIFICATIONS REPORT	Notification of when to transmit the new service month
DHRWCA WCA305 XS307 DATA POSTED REPORT	Last date data was processed
DHRWCA 302 BUDGET CTY EXP. RPT	Monthly Budget County Expenditures

REQUEST TO DIRECT CHARGE, EXPENSE OR DEPRECIATE EQUIPMENT

County: _____

Date of Request: _____

Contact Person: _____

Telephone No.: _____

This request is to: Direct Charge Expense Depreciate

The item(s) of equipment outlined below will be used solely by (check one or both): Staff Clients

We request approval to direct charge, expense or depreciate these items to the _____ funding source. We agree, as the basis for making this request, to ensure that this equipment will be used solely for the benefit of the funding program throughout its useful life. We further agree to maintain appropriate records to demonstrate compliance with this requirement. **We have attached a separate sheet showing which titles, will be using the equipment. For example, titles of staff using the equipment, function & column codes and the percentage of time**

Quantity	Item Description	Unit Price	Total Price	Explanation/Justification

Additional information to justify the request, including information on how approval of the request will benefit the county department or its clients:

The following is a checklist to aid in determining how to claim cost for ADP Equipment. All ADP cost may be claimed as 383 and distributed to all cost pools. Or ADP cost can be cost allocated to Services, Income Maintenance, or Child Support cost pools directly, based on staff function. Cost must be claimed based on where staff spend 100% of their time and where their time is coded on the DSS 1571. The checklist below will assist you in making these choices and provide necessary backup for monitoring and audit purposes.

- 380 Service Programs
- 381 Income Maintenance Programs
- 382 Child Support Services
- 383 General Administrative functions

ADMINISTRATIVE STAFF

CODE 383	CODE 380	CODE 381	CODE 382	STAFF FUNCTION
Y	N	N	N	ADMINISTRATIVE STAFF CODED 98 ON DSS1571

SERVICE STAFF

CODE 383	CODE 380	CODE 381	CODE 382	STAFF FUNCTION
Y	Y	N	N	CHILD WELFARE ONLY
Y	Y	N	N	ADULT SERVICES ONLY
Y	Y	N	N	CHILD DAY CARE ONLY
Y	Y	N	N	WORK FIRST ELIGIBILITY & EMPLOYMENT ONLY
Y	Y	N	N	MEDICAID TRANSPORTATION
Y	Y	N	N	COMMUNITY ALTERNATIVES PROGRAM
Y	Y	N	N	SPECIAL ASSISTANCE IN HOME
Y	Y	N	N	SERVICE SUPERVISORS AND SERVICES SUPPORT ONLY
Y	N	N	N	SERVICES SUPERVISORS AND SERVICES SUPPORT INCOME MAINTENANCE AND CHILD SUPPORT

INCOME MAINTENANCE STAFF

CODE 383	CODE 380	CODE 381	CODE 382	STAFF FUNCTION
Y	N	Y	N	FOOD AND NUTRITIONAL SERVICES ONLY
Y	N	Y	N	MEDICAID ALL ADULT/FAMILY AND CHILDREN'S/HEALTH CHOICE ONLY
Y	N	Y	N	SPECIAL ASSISTANCE ONLY
Y	N	Y	N	REFUGEE ONLY
Y	N	Y	N	LIEAP/CIP ONLY INCOME MAINTENANCE
Y	Y	N	N	LIEAP/CIP SERVICES ONLY
Y	N	N	N	ALL MEDICAID'S, FNS, SPECIAL ASSISTANCE, ENERGY AND WFFA ELIGIBILITY AND OR SERVICES
Y	N	Y	N	INCOME MAINTENANCE SUPERVISOR AND SUPPORT STAFF ONLY
Y	N	N	N	INCOME MAINTENANCE SUPERVISOR AND SUPPORT STAFF, SERVICES OR CHILD SUPPORT

Figure III-B-2

CHILD SUPPORT

CODE 383	CODE 380	CODE 381	CODE 382	STAFF FUNCTION
Y	N	N	Y	CHILD SUPPORT ONLY
Y	N	N	Y	CHILD SUPPORT SUPERVISOR AND SUPPORT STAFF ONLY
Y	N	N	N	CHILD SUPPORT SUPERVISOR AND SUPPORT STAFF, SERVICES AND INCOME MAINTENANCE

Grant funded positions with overhead claimed as non-reimbursable should be claimed based on how staff are coded on the DSS 1571.

Statement of Administrative Costs

FOR COUNTY:

Number _____ Name _____
(001, etc)

Agency Type _____
(DSS, CSE, IND)

Service Month of _____
(November 20XX, etc.)

EXPENDITURES CLAIMED ELECTRONICALLY:

Part I _____

Part II _____ (Total Indirect Cost _____)
= _____

Part IV _____

Total _____

CERTIFICATION

I hereby certify that all costs shown have been incurred in connection with official duties of the County Department of Social Services and that costs submitted are recorded on the official county financial records as an expense, and that same are true and correct to the best of my knowledge and belief.

DSS County Director Date

County Finance Officer Date

Preliminary County DSS Administrative Reimbursement Report

FOR COUNTY

Number _____ Name _____
(001, etc.)

Agency Type _____
(DSS, IND)

Service Month of _____
(November, 20XX, etc.)

EXENDITURES CLAIMED:

County Administration (DSS-1571):

Salary & Fringe _____

Purchased Costs _____

Indirect Costs _____

Other Costs _____

Subtotal

Child Care Subsidy:

Child Care Subsidy Costs _____

Subtotal

TOTAL

CERTIFICATION

I hereby certify that all costs shown have been incurred in connection with official duties of the County Department of Social Services and that costs submitted are recorded on the official county financial records as an expense, and that same are true and correct to the best of my knowledge and belief.

Director, County DSS Date

County Finance Officer Date