SECTION
I-A

SECTION I INTRODUCTION

September 30, 2016

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 work day 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 or not 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 http://info.dhhs.state.nc.us/olm/manuals/default.aspx. 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 in to 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 twentieth 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 is also available on the Controller's Office website. Questions regarding records retention may be directed to **John Thompson at (919) 527-6854 or via email@ John.Thompson@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.