

Child Care Fund Fiscal Factors - Clarification & Points of Emphasis

Presented by:

Scott Werner

MDHHS Office of Audit

Overview

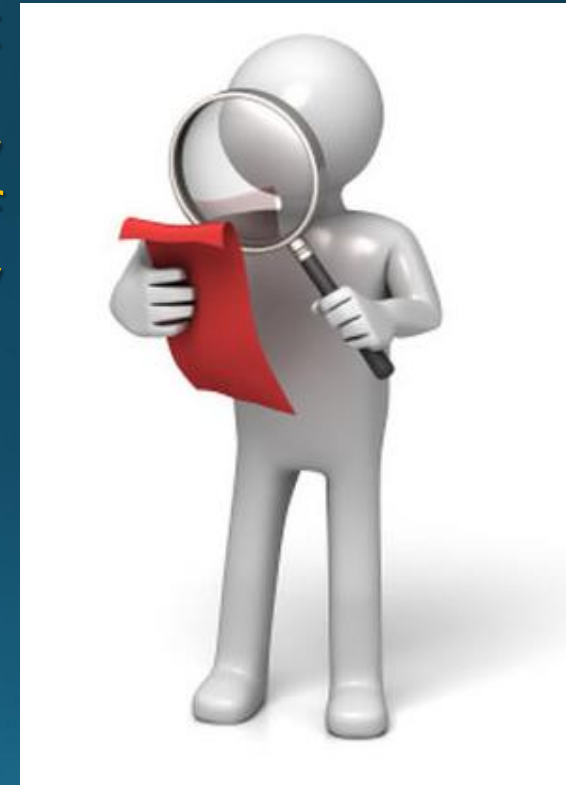
Child Care Fund Monitoring Unit & the MDHHS Bureau of Audit Reimbursement & Quality Assurance (BARQA) are now working together to perform fiscal & programmatic reviews of counties across the state to validate the expenses reported on the Monthly Cost Reports (207/206b) & to ensure compliance with the Child Care Fund program.



Overview con't

MDHHS has recognized that several specific claims for reimbursement, previously allowed to pass for reimbursement, are not eligible and will no longer be approved. MDHHS also understands the need to clarify approval & eligibility of these types of claims to the CCF for our the county courts/tribes. Some of these areas include:

- Accounting Procedures Expected – CCF coding, general guidelines that should be followed, etc.
- General Ledgers for 206b/207
- Eligible/Non-Eligible expenditures
- Cost Allocation Plans/Indirect Costs



Authoritative Guidance

- The Department monitors the counties and Indian Tribes for programmatic and fiscal compliance with CCF reimbursement rules and guidelines as set forth by the Social Welfare Act, Michigan Court Rules, Child Care Fund Administrative Rules, and the Child Care Fund Handbook.



Accounting Procedures for CCF

Administrative Rules

R 400.2031 Standards and requirements.

(a) All expenditures and disbursements from the court subaccount for which state reimbursement is claimed shall be recorded in the county child care fund in the expenditure accounts specified in the publication entitled "Accounting Procedures manual for local units of Government in Michigan" issued by the Michigan department of treasury.

Child Care Fund Handbook

B. Accounting Procedures for the Child Care Fund (pg. 8)

Accounting procedures for the CCF are contained in the "Accounting Procedures Manual for Local Units of Government in Michigan" issued by the Department of Treasury. All local units of government in Michigan are required to use the Uniform Chart of Accounts for Counties and Local Units of Government in Michigan, which was developed under the authority of Public Act 2 of 1968, as amended (MCL 141.421); and Public Act 71 of 1919, as amended (MCL 21.41-55)

Accounting Procedures for CCF

Snapshot from Uniform Chart of Accounts – Index of Funds

MICHIGAN DEPARTMENT OF TREASURY
UNIFORM CHART OF ACCOUNTS FOR COUNTIES AND LOCAL UNITS OF GOVERNMENT

INDEX OF FUNDS

GOVERNMENTAL FUND CATEGORIES	GOVERNMENTAL FUND CATEGORIES
General Fund Type--101-150	Special Revenue Fund Type
101 General Fund	271 Library Fund
Permanent Fund Type--151-199	289 Auto Theft Prevention Fund
150 Cemetery Perpetual Care Fund	290 Social Welfare Fund
151 Cemetery Trust Fund	292 Child Care Fund
	293 Soldiers' Relief Fund
	294 Veterans' Trust Fund

Child Care Fund Handbook

PART IV: REPORT PROCEDURE

- A. Form DHS-207

The form for reporting court CCF expenditures is the DHS-207.

- B. Form DHS-206B

The form for reporting local DHS CCF expenditures is the DHS-206B

General Ledger for 206b/207

Child Care Fund Handbook PART IV: REPORT PROCEDURE

- **A. Form DHS-207**

Attach the following monthly supporting documents prior to submittal:

2. Detailed General Ledger (for the time period covered by the DHS-207)

- **B. Form DHS-206b**

Attach the following monthly supporting documents prior to submittal:

2. Detailed General Ledger (for the time period covered by the DHS-206b)

General Ledger for 206b/207

Example of documentation without enough details:
(no date of transaction or transaction description, debit or credit)

Child Care Fund	
Basic Grant Ledger 2014-15	
Budget: \$15,000.00	
	Expenditures
October 2014	
1. Caseworker Salary and Benefits	\$1,250.00
Total Expenses	\$1,250.00
Balance Forward	\$13,750.00
November 2014	
1. Caseworker Salary and Benefits	\$1,250.00
Total Expenses	\$1,250.00
Balance Forward	\$12,500.00
December 2014	
1. Caseworker Salary and Benefits	\$1,250.00
Total Expenses	\$1,250.00
Balance Forward	\$11,250.00

General Ledger for 206b/207

Example of documentation without enough details:
(no date of transaction or transaction description, debit or credit)

GL NUMBER	DESCRIPTION	PREVIOUS MONTH BALANCE	DR ACTIVITY		FO CR ACTIVITY		END BALANCE 04/30/2015
			MONTH 04/30/2015	MONTH 04/30/2015	MONTH 04/30/2015	MONTH 04/30/2015	
Fund 292 - CHILD CARE							
292-000-001.00	POOLED CASH	15.86	17,213.15		1,824.65		15,404.36
292-000-009.00	FLEX SPENDING ACCOUNT	0.00	0.00		0.00		0.00
292-000-070.00	OTHER RECEIVABLES-REIMBURSEMNT	0.00	0.00		0.00		0.00
292-000-078.00	DUE FROM STATE OF MICHIGAN	1,390.79	0.00		0.00		1,390.79
292-000-123.00	PREPAID EXPENSES	0.00	0.00		0.00		0.00
292-000-202.00	ACCOUNTS PAYABLE	0.00	(1,824.65)		(1,824.65)		0.00
292-000-214.00	DUE TO OTHER FUNDS	0.00	0.00		0.00		0.00
292-000-228.00	DUE TO STATE OF MICHIGAN	4,139.04	0.00		0.00		4,139.04
292-000-257.00	ACCRUED WAGES PAYABLE	0.00	0.00		0.00		0.00
292-000-390.00	FUND BALANCE	(377.79)	0.00		0.00		(377.79)
292-000-562.20	STATE REIMB. TRANSPORTATION	519.00	0.00		0.00		519.00
292-000-563.01	FAMILY FOSTER CARE GRANT	0.00	0.00		0.00		0.00
292-000-586.00	INSTITUTIONAL CARE GRANT	0.00	0.00		0.00		0.00
292-000-663.00	BASIC GRANT	0.00	0.00		(15,000.00)		15,000.00
292-000-676.00	IN HOME CARE GRANT	0.00	0.00		(2,133.15)		2,133.15
292-000-686.00	REIMBURSEMENT- CHARGEBACKS	1,134.79	0.00		0.00		1,134.79
292-000-687.00	GENERAL REFUNDS & REIMBURSEMENTS	0.00	0.00		0.00		0.00
292-000-699.01	TRANSFER IN	10,000.00	0.00		0.00		10,000.00
292-000-701.00	MISCELLANEOUS EXPENSE	0.00	0.00		0.00		0.00

General Ledger for 206b/207

Example of General Ledger with enough details:
(including date of transaction, description, debit & credit)

Date	JNL	Type	Description	Reference #	Debits	Credits
08/01/2015			292-662-700.00 EXPENDITURE CONTROL		BEG. BALANCE	
08/05/2015	AP	INV	DIRECT CHILD CARE COSTS	3753	135.00	
08/05/2015	AP	INV	DIRECT CHILD CARE COSTS	3754	120.00	
08/05/2015	AP	INV	STATE WARD PAYMENT	3755	38.21	
08/05/2015	AP	INV	FAMILY FOSTER CARE	3757	824.29	
08/05/2015	AP	INV	CLOTHING ALLOWANCE - FOSTER CARE	3758	300.00	
08/06/2015	PR	CHK	SUMMARY PR 08/06/2015		92.31	
08/12/2015	AP	INV	DIRECT CHILD CARE	3761	101.57	
08/20/2015	PR	CHK	SUMMARY PR 08/20/2015		92.31	
08/24/2015	AP	INV	DIRECT CHILD CARE COSTS	3766	360.00	
08/31/2015			292-662-700.00	END BALANCE	2,063.69	0.00
08/01/2015			292-662-700.04 EXPENDITURE - YOUTH ACTIVITY PROGRAM		BEG. BALANCE	
08/24/2015	GJ	JE	TRANS FUNDS FOR YOUTH ADMIN TO FAIR	20734	144.00	
08/31/2015			292-662-700.04	END BALANCE	144.00	0.00
08/01/2015			292-662-702.00 SALARIED AND PERM. PART TIME		BEG. BALANCE	
08/06/2015	PR	CHK	SUMMARY PR 08/06/2015		1,850.00	
08/20/2015	PR	CHK	SUMMARY PR 08/20/2015		1,850.00	
08/31/2015			292-662-702.00	END BALANCE	3,700.00	0.00
08/01/2015			292-662-715.00 FICA		BEG. BALANCE	
08/06/2015	PR	CHK	SUMMARY PR 08/06/2015		146.36	
08/20/2015	PR	CHK	SUMMARY PR 08/20/2015		146.35	
08/31/2015			292-662-715.00	END BALANCE	292.71	0.00

Eligible/Non-Eligible Expenditures

Child Care Fund Handbook

PART II: FISCAL FACTORS (pg. 8)

The State reimburses the county circuit court/tribe 50% for all expenditures that:

- a. have been approved in the annual plan and budget;
- b. comply with the basic allowable cost guidelines (see part V); and
- c. relate to services for clients who meet the eligibility requirements of each program.

PART V: ELIGIBILITY OF EXPENDITURES (general guidance on pg. 15)

Actual expenditures incurred by the court, tribe or Department of Human Services (DHS) sub-account must meet the following criteria to receive reimbursement:

- e. All expenditures shall provide a direct service and be case specific, identifiable to an individual child and shall not be for judicial cost or administrative cost.

Eligible/Non-Eligible Expenditures

Child Care Fund Handbook

PART V: ELIGIBILITY OF EXPENDITURES

A.) Reimbursable Costs (pg. 16-17)

Expenditures by the county circuit court, and/or the tribal/county DHS which may be reimbursable include, but are not limited to, the following:

- e. Operating costs for county-operated child care facilities (when directly related to child care).
- g. Indirect costs for Child Care Funded personnel – provided the county circuit court/tribe has submitted to the CCFMU a copy of the county circuit court/tribe cost allocation plan or indirect cost rate plan.

Eligible/Non-Eligible Expenditures

Child Care Fund Handbook

PART V: ELIGIBILITY OF EXPENDITURES

C.) Non-Reimbursable Expenditures and Unallowable Costs (pg. 18-20)

Costs incurred by the county circuit court, county DHS or tribe are unallowable and cannot be charged to the CCF if they meet any of the definitions below:

- a. Cost incurred is unreasonable or unnecessary.
- b. Cost not included in the approved budget.
- c. Cost is allowable and/or payable by other funding sources.

Expenditures by the county circuit court, county DHS or tribe which are not reimbursable from the CCF as a direct or indirect cost based on department policy and which should not be reported on the DHS-207 or DHS-206B monthly reports include, but are not limited to, the following:

- r. Expenditures from the county general fund.
- ff. Maintenance and repair costs which exceed \$500 annually.

Cost Allocations Plans/Indirect Costs

Child Care Fund Handbook

PART V: ELIGIBILITY OF EXPENDITURES

B. Indirect Costs (pg.17)

Counties/Tribes choosing to receive reimbursement under the CCF for indirect costs must submit, with the Annual Plan and Budget, a copy of the county circuit court/tribal-wide cost allocation plan or indirect cost rate plan. The plan must apply to all county circuit court/tribal offices and must be annually certified. For reimbursement of indirect costs in an IHC program, the eligible centralized costs identified in the county circuit court/tribal-wide plan shall be divided equally by the number of county circuit court/tribal employees and then multiplied by the number of full-time equated employees being billed to the CCF IHC program(s) and reported accordingly on each program.

Reimbursable indirect costs include the costs of supporting county circuit court/tribal employees funded by the CCF. Employees funded under the CCF include those employees of the county circuit court/tribe that devote their time to the operation of a detention facility which is funded under the CCF or employees which are billed in whole or in part to an IHC component approved by both the county circuit court /tribe and the State. As with wages of county circuit court/tribe employees participating in the CCF programs and facilities, indirect costs can be prorated provided an Employee Certification Form and a clear audit trail is maintained to document and verify the prorated. All indirect costs must be for expenses that are not prohibited for reimbursement from the CCF.

Cost Allocations Plans/Indirect Costs

Child Care Fund Handbook

PART V: ELIGIBILITY OF EXPENDITURES

B. Indirect Costs

Counties/Tribes choosing to receive reimbursement under the CCF for indirect costs must submit, with the Annual Plan and Budget, a copy of the county circuit court/tribal-wide cost allocation plan or indirect cost rate plan. (This would be different than a “County-Wide Plan”)

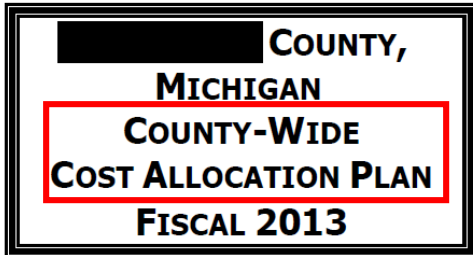
Reimbursable indirect costs include the costs of supporting county circuit court/tribal employees funded by the CCF. (This would be different than a “General” county employees) Employees funded under the CCF include those employees of the county circuit court/tribe that devote their time to the operation of a detention facility which is funded under the CCF or employees which are billed in whole or in part to an IHC component approved by both the county circuit court /tribe and the State.

All indirect costs must be for expenses that are not prohibited for reimbursement from the CCF.

Cost Allocations Plans/Indirect Costs

B. Indirect Costs

Counties/Tribes choosing to receive reimbursement under the CCF for indirect costs must submit, with the Annual Plan and Budget, a copy of the **county circuit court/tribal-wide cost allocation plan** or **indirect cost rate plan**. (This would be different than a “County-Wide Plan”)



Based on Actual Costs
For The Year Ended
December 31, 2013

MAXIMUS
HELPING GOVERNMENT SERVE THE PEOPLE®

935 N. Washington Ave.
Lansing, Michigan 48906
(989) 684-4111
(804) 323-3536 FAX

██████████ COUNTY, MICHIGAN

COUNTY-WIDE COST ALLOCATION PLAN

Certification by the Responsible County Official

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 for the year ended December 31, 2013 to establish cost allocations or billings for the year beginning January 1, 2015, are allowable in accordance with the requirements of 2 CFR Part 225 Cost Principles for State, Local and Indian Tribal Governments OMB Circular A-87 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.

Signature: ██████████ County, Michigan

Name of Official: ██████████

Title: ██████████

Date: 11/14/14

Cost Allocations Plans/Indirect Costs

Cost Allocation Plans should be prepared in accordance with the “Child Care Fund Handbook”...NOT in accordance with 2 CFR 225 (or A-87) Cost Principles.

A concern about preparing Cost Allocation Plans using the 2 CFR 225 (or A-87) Cost Principles is the likelihood that the “allocated costs” are “unallowable” under “CCF Handbook” guidance.

2 CFR 225 (or A-87) Cost Principles does explicitly include the following guidance that costs are only allowable for programs if they are authorized or not prohibited under State or local laws or regulations.

C. Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general 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 2 CFR part 225.
 - c. Be authorized or not prohibited under State or local laws or regulations.

Child Care Fund Handbook PART V: ELIGIBILITY OF EXPENDITURES

C. Non-Reimbursable Expenditures and Unallowable Cost
(r) Expenditures from the county general fund.

Cost Allocations Plans examples

Central Service Departments	CC [REDACTED]	CC [REDACTED]	CC [REDACTED]
Building Use Charge	0	0	0
Equipment Use Charge	0	0	0
Fiscal Services 101-202	14,940	3,755	24,952
Administrator 101-223	0	2,544	55,952
Human Resources 101-226	0	3,943	73,624
Purchasing 101-233	0	0	12,946
Treasurer 101-253	3,855	580	2,858
Facilities Management 101-261	0	0	31,415
Building Security	0	0	0
Bldg & Gmnds Courthse	0	0	0
Bldg & Gmnds 82 [REDACTED] 01-262	0	0	0
Bldg & Gmnds-Admin 101-266	0	0	0
Bldg & Gmnds Info Tech	0	0	0
Bldg & Gmnds-HSC 101-269	0	0	0
Central Services	0	0	3,202
Fleet Services	0	0	2,788
Information Technology	0	5,909	107,435
I.T. PeopleSoft/Phone	5,002	963	27,168
Total Allocated	23,797	17,694	342,340
Roll Forward	3,116	44	(41,109)
Cost With Roll Forward	26,913	17,738	301,231
Adjustments	0	0	0
Proposed Costs	26,913	17,738	301,231

Cost Allocations Plans/Indirect Costs

Child Care Fund Handbook

PART V: ELIGIBILITY OF EXPENDITURES

B. Indirect Costs (pg.17)

Counties/Tribes choosing to receive reimbursement under the CCF for indirect costs must submit, with the Annual Plan and Budget, a copy of the county circuit court/tribal-wide cost allocation plan or indirect cost rate plan. (This would be different than a “County-Wide Plan”)

Reimbursable indirect costs include the costs of supporting county circuit court/tribal employees funded by the CCF. (This would be different than a “General” county employees) Employees funded under the CCF include those employees of the county circuit court/tribe that devote their time to the operation of a detention facility which is funded under the CCF or employees which are billed in whole or in part to an IHC component approved by both the county circuit court /tribe and the State.

All indirect costs must be for expenses that are not prohibited for reimbursement from the CCF.

Wrap Up

MHDDS is continuing to evaluate ways to strengthen our monitoring practices & communicate/clarify our interpretations of eligible & ineligible expenditures for the Child Care Fund.

MDHHS also intends to rewrite the Child Care Fund Handbook during state fiscal year (SFY) 2017. Our goals include ensuring the Handbook properly represents the statute and relevant accounting guidelines; formally incorporating the Handbook into MDHHS policy to offers more detailed guidance about specific eligibility and documentation issues.

Please do not hesitate to reach out to Child Care Fund Monitoring Unit or the MDHHS Bureau of Audit Reimbursement & Quality Assurance (BARQA) for clarification & we will work together to get you the appropriate guidance.

Any Questions?

Scott Werner, Manager

Special Audit Section, Office of Audit

Bureau of Audit, Reimbursement and Quality Assurance

Department of Health & Human Services
517-335-4081 (Office)

werners4@michigan.gov