



Michigan Department of Health and Human Services

**Annual Cost Report Handbook –
Private Child Placing Agencies**



**ANNUAL COST REPORT HANDBOOK -
PRIVATE CHILD PLACING AGENCIES
Reporting for Fiscal Year Ending 9/30/2017**

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CHILDREN'S SERVICES AGENCY



Annual Cost Report Handbook – Private Child Placing Agencies



TABLE OF CONTENTS

PART 1: PROGRAM OVERVIEW.....	4
<i>CHILD PLACING AGENCIES</i>	
<i>Adoption.....</i>	<i>4</i>
<i>Placement Agency Foster Care.....</i>	<i>4</i>
<i>Treatment Foster Care.....</i>	<i>4</i>
<i>Unaccompanied Refugee Minors.....</i>	<i>4</i>
<i>General Independent Living.....</i>	<i>5</i>
<i>Independent Living Plus.....</i>	<i>5</i>
PART 2: FISCAL FACTORS.....	6
<i>SOURCES OF FUNDING</i>	
<i>Title IV-E Funding.....</i>	<i>6</i>
<i>County Child Care Funding.....</i>	<i>6</i>
<i>State Ward Board and Care Payments.....</i>	<i>7</i>
<i>Limited Term/Emergency/General Funds.....</i>	<i>7</i>
PART 3: REPORT PROCEDURE.....	9
PART 4: EXPLANATION OF COMMON TERMS.....	10
ALLOCATION METHODOLOGY.....	10
DAYS OF CARE.....	10
ACTUAL DAYS OF CARE.....	10
AVAILABLE DAYS OF CARE.....	10
FULL TIME EQUIVALENT.....	10
FTES THAT EXITED EMPLOYMENT.....	11
NON-REPORTABLE COSTS.....	11
NUMBER OF CHILDREN SERVED.....	11
ON-SITE REVIEWS.....	11
OTHER PROGRAM COSTS.....	11
RANDOM MOMENT TIME STUDY (RMTS).....	11
REASONABLE.....	12
RECORD RETENTION.....	12
REPORTABLE COSTS.....	12
PART 5: COMPLETING THE ANNUAL COST REPORT HANDBOOK.....	13
SECTION 1: SALARIES AND FRINGE.....	13
<i>Salaries.....</i>	<i>13</i>
<i>Fringe Benefits.....</i>	<i>15</i>
SECTION 2: OPERATING.....	17
<i>Occupancy.....</i>	<i>17</i>
<i>Operations.....</i>	<i>18</i>
<i>Communication.....</i>	<i>19</i>



Annual Cost Report Handbook – Private Child Placing Agencies



<i>Equipment</i>	19
<i>Supplies</i>	20
<i>Travel</i>	20
<i>Contracted Business Services</i>	21
<i>Contracted Client Professional Services</i>	22
<i>Staff Training</i>	23
<i>Fundraising</i>	23
SECTION 3: CHILD/FAMILY SPECIFIC	24
<i>Board Care Payments to Foster Parents</i>	24
<i>Foster Parent Mileage</i>	24
<i>Specific Assistance</i>	25
<i>Purchased Services (Other than Evaluations)</i>	25
<i>Evaluations (Psychiatric, etc.)</i>	25
SECTION 4: MISCELLANEOUS	26
SECTION 5: GENERAL NON-REPORTABLE COSTS.....	27
SECTION 6: REPORTING PROGRAM STATISTICS.....	28
PART 6: STATUTES AND REGULATORY AUTHORITY	30
STATE STATUTES.....	30
APPLICABLE ADMINISTRATIVE CODES	30
CODE OF FEDERAL REGULATIONS	30



Annual Cost Report Handbook – Private Child Placing Agencies



PART 1: PROGRAM OVERVIEW

The purpose of the Michigan Department of Health & Human Services (MDHHS) foster care program is to provide effective, safe, temporary living arrangements for children. Implicit in this purpose is the requirement that care and services must be provided which facilitate the individual child's development and lead to the youth's subsequent reunification with the family, adoption, permanency or independence at the earliest possible date. To accomplish this purpose, contracted private Child Placing Agencies (CPA) receive and place children in foster care. The MDHHS in conjunction with these CPAs administer the following foster care programs:

Adoption

Provides adoption services for permanent wards (Title IV-E or state ward board and care funded) or Michigan Children's Institute (MCI) wards for which adoption is the plan, or children from a participating Inter-State Compact (ICPC) state's child welfare system that has been referred for adoption services to Michigan through ICPC. Services include recruitment, orientation and training of families, placing with identified families, pre-placement activities, utilization of Michigan Adoption Resource Exchange (MARE), and all other duties associated with finalizing an adoption of permanent and MCI wards.

Placement Agency Foster Care

Placement Agency Foster Care (PAFC) provides foster care services to children and families for children who have been removed from the home and MDHHS is responsible for the child's care and supervision, or a child who, by family court, has been returned home in a trial reunification arrangement. Services include recruitment and retention of foster homes and all required services to children and families to work toward the goal of the case.

Treatment Foster Care

Treatment Foster Care (TFC) is a family-based service that provides individualized treatment for children and their families. TFC services are directed towards diverting children from placement in a residential setting or assisting children after discharge from a residential setting. The treatment foster family is viewed as the primary focus of intervention with children in their care. It is a family setting that seeks to integrate with rather than replace treatment services provided outside of the home. Treatment will be delivered through service interventions provided by treatment foster care program staff and external resources with the child, identified permanent placement (including parents when reunification is the permanency planning goal), and treatment foster parents.

Unaccompanied Refugee Minors

The Unaccompanied Refugee Minors (URM) program provides culturally appropriate foster care services to assist eligible minors to develop appropriate skills to enter adulthood, while achieving economic self-sufficiency and social adjustment. The URM program currently operates in 20 program sites in 14 states. The URM program ensures



Annual Cost Report Handbook – Private Child Placing Agencies



that eligible unaccompanied minor populations receive the full range of assistance, care and services available to all foster children in the state by establishing a legal authority to act in place of the child's unavailable parent(s). These URM programs encourage reunification of children with their parents or other appropriate adult relatives through family tracing and coordination with local refugee resettlement agencies. However, if reunification is not possible, the program designs a case specific permanency plan for each minor in care.

General Independent Living

General Independent living provides services to children in an independent living placement type. Independent living is only considered for those youth who are at least 16 years of age and demonstrate they have the maturity and decision making to be able to live with minimum supervision. Independent living for a 16 or 17 year old is intended to be a transition into independent adulthood. Youth placed in independent living must engage in a formal, signed agreement with the supervising agency regarding the service plan and rules required to maintain the independent living status and further develop their capacity to become self-sufficient.

Independent Living Plus

Independent Living Plus (ILP) is a time limited intervention to meet the youth's specific ILP needs and goals until the youth is able to step down to the less restrictive environment general independent living foster care offers. ILP provides staff supported housing and services for children aged 16 through 19 who, because of their individual needs and assessment, are not initially appropriate for general independent living foster care. These children may have a demonstrated history of unsuccessful foster care placements. This program is also designed as a post-placement resource for children in which all of the following apply:

- i) Children leaving residential foster care who cannot return home.
- ii) Children who cannot be placed into a family foster home.
- iii) Children for whom adoption is not planned.
- iv) Children who have demonstrated a capacity for and willingness to learn independent living skills in a supervised, structured environment.



Annual Cost Report Handbook – Private Child Placing Agencies



PART 2: FISCAL FACTORS

All contracted private child placing agencies (CPA) shall be reimbursed for care on a per diem basis for each child based upon the child's program type. One per-diem unit equals the initial calendar day of placement of a referred child and any 24-hour period thereafter where a child is receiving basic supervision and care, and any specialized services as defined by the contract.

For payment to occur, CPA shall verify (*through the MiSACWIS system*) the bi-weekly roster for any child in their care. The verification shall indicate the units of service provided by the CPA and shall be submitted to MDHHS within 30 days from the end of the billing period.

For any County Child Care Fund children, MDHHS is not obligated to make payment to CPA. Payment for these children is the statutory responsibility of the county. The MiSACWIS verification process is still required to process the DHS-659 payment voucher to the county for payment.

CPAs receive a per diem administrative rate based on the type of care provided and the programs offered. In MiSACWIS, the administrative rate paid to the CPA will be paid separately from the family foster care/maintenance rate, i.e., the provider will receive two electronic fund transfer (EFT) deposits or checks (warrants). The entire rate paid to the CPA for family foster care/maintenance rate (board and care, clothing and allowance) shall be paid by the CPA to the foster families providing the family foster care.

MDHHS determines the fund source and payment procedures to be utilized in paying for the out-of-home care of youth by a combination of factors including legal status, living arrangement and federal regulations.

Sources of Funding

Title IV-E Funding

Title IV-E funds are established by Title IV-E of the Social Security Act to provide federal financial participation in the administrative costs and foster care maintenance payments for eligible youth.

County Child Care Funding

The County Child Care Fund is a county-state fiscal program whereby the State of Michigan reimburses counties that provide care and service for children and their families. Based upon proper establishment of a County Child Care Fund account by the county treasurer, an approved county annual plan and budget for the expenditure of foster care money and a County Child Care Fund policy, county costs are reimbursed at a rate of 50 percent for foster family care, independent living, placement agency foster care (PAFC) supervision, residential facility, county-operated facility, in-home service, and intermittent or non-scheduled payments.



Annual Cost Report Handbook – Private Child Placing Agencies



State Ward Board and Care Payments

State Ward Board and Care (SWBC) is the state legislative appropriation that provides payment of foster care costs for state wards who are not eligible for Title IV-E or the placement is not Title IV-E reimbursable.

SWBC funds are available to support youth in out-of-home placements under certain conditions. SWBC funds may be used to reimburse the foster family, or placement agency foster care (PAFC) provider for care provided, for certain intermittent or non-scheduled payments and for independent living payments to the youth if the following criteria are met:

1. The youth is a state ward committed to MDHHS under Act 150 (Delinquent), Act 220 (MCI or MCI-O), or Act 296 (Adoption Voluntary Release).
2. The child is in a MDHHS supervised and approved out-of-home placement.
3. The child (or the placement) is not eligible for Title IV-E funding; see FOM 902, Funding Determinations and Title IV-E Eligibility.
4. The youth has not attained age 19. An exception is a P.A. 150 state ward who has had court jurisdiction extended to age 21 due to a class I or II criminal offense; see FOM 903-08, Payments Requiring Special Processing.

SWBC payments are subject to reimbursement from the county to the state for eligible children and expenses at a rate of 50% of the cost for residential placement under Act 150 and Act 220. Foster care placement is subject to reimbursement from the county to the state for eligible children and expenses at the annually determined state chargeback rate. This rate is published in August/September annual report through a letter issued to the courts.

Limited Term/Emergency/General Funds

Limited term/emergency/general funds is a limited funding source to assist MDHHS staff in providing foster care payment and service under the following specific circumstances:

1. The child is a court ward (legal status 40, 41 or 42) and Title IV-E eligible except for the receipt of Supplemental Security Income (SSI). The Reconciliation and Recoupment Section determines eligibility for this fund source.
2. Former Michigan Children's Institute (MCI) wards between age 19 and 20 who are in foster care or independent living.
 - a. Limited term and emergency foster care may be used to meet the living expenses of former MCI wards but funding is not to extend beyond the ward's 20th birthday.
 - b. Payment for the basic board and care rate will be made for youth placed in family foster care, independent living or adult foster care (AFC) homes as a case service payment. Payments for determination of care supplements, administrative rates, and the cost of residential care or costs that exceed the AFC rates established in ASM 377, Monthly Provider Rates, are **not** covered.



Annual Cost Report Handbook – Private Child Placing Agencies



3. Emergency foster care for children in families receiving FIP (Family Independence Program) and the caretaker is hospitalized or incarcerated for seven days or less and no other plan can be made through the FIP program. If care is needed for more than seven days see Payment for Own Home Placements.
 - a. Open a voluntary foster care case in MiSACWIS through the non-CPS intake process with legal status 51 (non-ward) and fund source limited term/emergency/general funds.
 - b. No case service payments are to be authorized.
 - c. For purposes of the use of these funds, the limit of such emergency care will be one week.
4. Children may be placed in foster care prior to release to MDHHS under the Michigan Adoption Code.



Annual Cost Report Handbook – Private Child Placing Agencies



PART 3: REPORT PROCEDURE

The Michigan Department of Health and Human Services (MDHHS) established the “Annual Cost Report Workbook – Private Child Placing Agencies.” Information obtained from this cost report is used to establish payment rates for costs and services that may be made to child placing agencies.

A separate cost report format has been created for Child Care Institutions (CCIs). The CCI format was developed based on allowable costs and activities specific to their agency type. If you did not receive a CCI cost report, and require one, please contact Amanda Doane of MDHHS DoaneA@michigan.gov to receive the necessary documentation.

Per contract with MDHHS, the contracted provider shall submit their annual financial cost reports based on the State’s fiscal year which begins October 1 and ends September 30. The reports shall contain the annual costs incurred by agencies in delivering services required in the agreement to MDHHS clients for the reporting period. Reports will be submitted using a template provided by MDHHS. The financial reports shall be submitted annually, by November 30 of each fiscal year. The contracted agency must comply with all program and fiscal reporting procedures as established by MDHHS including following the guidance of the “Annual Cost Report Workbook – Private Child Placing Agencies.” Reports shall be submitted electronically to MDHHS-Foster-Care-Audits@michigan.gov.

Failure to meet reporting responsibilities as identified in the agreement may result in MDHHS withholding payments until receipt of the annual financial cost report. MDHHS may withhold from current payments an amount equal to five percent (5%) of the contractor’s reporting year MDHHS revenue, not to exceed \$60,000. MDHHS may retain withheld funds as a penalty if delinquency reaches sixty (60) days past due. MDHHS may terminate the contract if the contractor is ninety (90) days delinquent in submitting the required annual financial cost report. Contracts requiring this report are:

- Adoption (A)
- Placing Agency Foster Care (PAFC)
- Treatment Foster Care (TFC)
- Unaccompanied Refugee Minors (URM)
- Independent Living Plus (ILP)



PART 4: EXPLANATION OF COMMON TERMS

To facilitate the completion of the cost report, certain terms are defined with brief explanations below:

Allocation Methodology

Documentation and/or a description of the methodology used to distribute costs, including direct or indirect costs, to programs and to the direct service columns on the cost report is required. All benefiting cost objectives must receive an equitable distribution in accordance with benefits received. For example, a CPA operating two separate programs may allocate shared costs to these programs based on the total utilization (days of care) for each program.

Costs should be allocated across the cost report's direct service columns if there is clear delineation and documentation for the allocation. There are many reasonable ways to allocate costs across programs or activities. In general, the methodology you choose should fairly distribute costs based on all benefiting programs and/or activities.

Days of Care

- Actual Days of Care - For each contract, report actual days of service to MDHHS children only. If one MDHHS child received 7 days of service, then report "7 actual days of care" (7x1=7). Add the subtotal of each contract to determine Total Actual Days of Care for all MDHHS children served and report it on the cost report workbook. For each adoption case, report the number of days between the DHS Form 3600 date to finalization date. (See handbook Part 5, Section 6: Reporting Program Statistics and CPA workbook tab "Statistics" table 6.2)
- Available Days of Care -
 - Foster Care - report the number of workers providing caseloads multiplied by 15 (i.e. maximum number of cases per worker), multiplied by total days in the fiscal year covered by contract.
 - Adoption – report the number of workers providing caseloads multiplied by 15 (i.e. maximum number of cases per worker), multiplied by total days in the fiscal year covered by contract.
 - Treatment Foster Care – report the number of workers providing caseloads multiplied by 8 (i.e. maximum number of cases per worker), multiplied by total days in the fiscal year covered by contract.

(See handbook Part 5, Section 6: Reporting Program Statistics and CPA workbook tab "Statistics" table 6.2)

Full Time Equivalent (FTE)

Enter the number of FTEs that represent each position type; (1 FTE = 2,080 hours worked in a year). For hourly employees, divide the total hours the position worked by 2,080 hours. For full-time, salaried employees, the FTE should equal 1.0000. The report will show up to four (4)



Annual Cost Report Handbook – Private Child Placing Agencies



decimal places, identical positions should be reported on the same line entry, and their costs totaled as one.

- **Example for calculating FTEs:** Program employs a total of 4 Direct Service Staff, total hours worked for these 4 positions was 6,395 hours. FTE entered on the cost report would be 3.0745 (6,395 hours ÷ 2,080 hours per FTE). (See handbook Part 5, Section 6: Reporting Program Statistics and CPA workbook tab “Statistics” table 6.3 and table 6.4)

FTE’s that Exited Employment

Enter the number of FTEs that exited employment during the reporting period, ending September 30th. (See handbook Part 5, Section 6: Reporting Program Statistics and CPA workbook tab “Statistics” table 6.5)

Non-Reportable Cost

Non-Reportable Costs are identified in Part 5, Sections 1- 5 of this Handbook and should NOT be reported on any worksheet (or tab) of the “Annual Cost Report Workbook – Private Child Placing Agencies.”

Number of Children Served

For each contract, report all MDHHS children served for the reporting period, regardless of funding source (IV-E, County, State Ward Board & Care, General Fund). To determine if a child is an MDHHS child, the child must have been referred to the contractor by MDHHS. (See handbook Part 5, Section 6: Reporting Program Statistics and CPA workbook tab “Statistics” table 6.1)

On-Site Reviews

MDHHS may conduct on-site reviews of the financial and programmatic information used as the basis for the cost report(s). MDHHS will generate a report for each on-site review. The MDHHS report will conclude whether the CPA’s annual reported costs are adequately supported, allowable, allocated appropriately, and eligible under foster care guidelines.

Other Program Costs

Costs incurred that are additional unallowable costs but required for MDHHS reporting purposes. Other program costs have been defined below in Part 5, Sections 1 – 5 of this Handbook and should be reported on the “Other Program Costs” worksheet (or tab) of the “Annual Cost Report Workbook – Private Child Placing Agencies.”

Random Moment Time Study (RMTS)

A random moment time study or RMTS is a statistically based process to gather information from direct service child placement staff members on how they spend their time. The information collected will be used to distribute the cost of child placement staff.



Annual Cost Report Handbook – Private Child Placing Agencies

Reasonable

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. In determining reasonableness of a given cost, consideration must be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the entity or the proper and efficient performance of the contract.
- The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; federal, state, local, tribal, and other laws and regulations; and terms and conditions of the contract.
- Market prices for comparable goods or services for the geographic area.
- Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the contractor, its employees, its clients, beneficiaries, students or membership, the public at large, and the Federal Government.
- Whether the contractor significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the cost.

Record Retention

Records used to complete the cost report must be retained for a minimum of seven years for review purposes. Records should include, but are not limited to:

- Financial
- Programmatic
- Recipient records
- Allocation methodologies

Reportable Cost

For a cost to be included on the cost report, it must meet the following general criteria:

- Be necessary and reasonable for the performance of contractually required CPA activities.
- Conform to any limitations or exclusions set forth in this handbook or in the contract as to types or amount of cost items.
- Be allocated consistently across all programs.
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally funded program.
- Be adequately documented.

Reportable costs are categorized in two different ways:

1. Reportable – CPA Direct

Direct costs are those costs that can be identified specifically with a particular final cost objective toward the fulfillment of the CPA contract. Reportable direct costs are defined in Part 5, Sections 1 – 5 of this Handbook and should be reported on the “CPA - Direct”



Annual Cost Report Handbook – Private Child Placing Agencies



worksheet (or tab) of the “Annual Cost Report Workbook – Private Child Placing Agencies.”

2. Reportable – CPA Indirect/Administrative

Indirect or administrative costs are those that have been incurred for a common or joint purpose benefitting more than one cost objective, and cannot be readily assignable to the cost objectives specifically benefitting. After direct costs have been determined and assigned to a contract/program, indirect costs are those remaining to be allocated to benefitting cost objectives. Specific reportable indirect and administrative costs are defined in Part 5, Sections 1 – 5 of this Handbook and should be reported on the “CPA - Indirect/Administrative Costs” worksheet (or tab) of the “Annual Cost Report Workbook – Private Child Placing Agencies.” A cost may not be allocated to a program’s indirect cost section if that cost has been reported as a direct cost.

PART 5: COMPLETING THE ANNUAL COST REPORT WORKBOOK

The “Annual Cost Report Workbook – Private Child Placing Agencies” contains worksheets (or tabs) designed for the CPA to report the revenues and expenses incurred, and services delivered by your agency. The various worksheet tabs include:

- Tab 1 - Instructions
- Tab 2 - CPA Information
- Tab 3 - CPA – Direct
- Tab 4 - CPA – Indirect/Administrative
- Tab 5 - CPA – Other Program Costs
- Tab 6 - Statistics

Each tab on the cost report is broken down into rows that correspond to typical expenditures for activities or services performed by private Child Placing Agencies. Regardless of funding source, please report all expenditures as detailed below so that MDHHS can capture the entire costs for the respective programs. The following is a detailed explanation for each of the expense items on the report.

SECTION 1: SALARIES AND FRINGE BENEFITS CPA – DIRECT and CPA – INDIRECT/ADMINISTRATIVE

1) SALARIES

Compensation paid to employees including vacations, holidays, sick leave and leaves of absence. Salaries of employees chargeable to more than one program must be supported by documentation maintained by the CPA that shows an equitable and appropriate distribution of time and effort.



Annual Cost Report Handbook – Private Child Placing Agencies



Salary Guidelines:

- i) Conforms to 2 CFR 200.430.
- ii) Conforms to the established written policy of the CPA that is consistently applied to all activities.
- iii) Only costs that support the goals and activities of the total program.
- iv) Rates reasonable and consistent with those paid for similar activities by the contractor.
- v) Rates competitive with those paid for similar services provided by other contractors for doing similar work.
- vi) Incentive compensation for efficient performance may be paid if it is part of a standard agreement between the employer and employee and entered into in good faith before the services were rendered.
- vii) Overtime and multi-shift premiums:
 - (1) When management of the contractor authorizes such costs as part of their established policies and in accordance with sound business practices.
 - (2) For emergencies or performance of tasks which cannot reasonably be interrupted.

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

Reportable direct salary line item definitions include:

- a) **Administration:** Senior staff that provide direct leadership and direction of the contracted agency. This may include the Directors of the contracted agency.
- b) **Second-line Supervisors:** Staff that manage first-line supervisors. This may include Program Managers or Directors that oversee a particular program area or division within the contracted agency.
- c) **First-line Supervisors:** Staff that manage Caseworkers. This may include Foster Care, Adoption, Certification, MiTEAM Specialist and Support Staff of the contracted agency.
- d) **Child Placing Agency (CPA) - Random Moment Time Study Participants:** Staff of the contracted agency who carry a foster care or adoption caseload 50% or more of their time.
- e) **Foster Home Licensing:** Licensing Specialist staff of the contracted agency responsible for the recruitment and certification of foster family homes. This also includes “Relative Licensure and Training” costs, but excludes any part time licensing staff who also carry a caseload and are therefore included in the CPA-RMTS Participant cost pool.
- f) **Direct Service Staff:** Staff that supervise and assist with basic necessities of children. This may include Direct Care Worker or Technicians of the contracted agency.
- g) **Other Staff:** Other Direct Staff including but not limited to a Behavioral Aide, Independent Living Plus Coach, MiTEAM Specialist, Interpreters, and Case Managers for Direct ILP for the contracted agency.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA - Indirect/Administrative Worksheet)*



Annual Cost Report Handbook – Private Child Placing Agencies

- a) Costs related to administrative personnel incurred in an indirect manner by the contractor that provide benefit related to the contract with MDHHS. Indirect administrative personnel positions include, but are not limited to:
 - i) CEO or Executive Director
 - ii) Financial Staff
 - iii) Human Resource Staff
 - iv) IT Staff
 - v) Legal Staff
 - vi) Clerical Staff - Staff that provide clerical support. This may include Office Manager, Receptionist and Administrative Assistant related to the contract with MDHHS.

OTHER PROGRAM COSTS: (CPA – Other Program Cost Worksheet)

- a) Case Aides and Transporters, Recruiters, MiSACWIS Specialist, or Therapists.
- b) The value of donated volunteer time in providing services.

NON-REPORTABLE COSTS:

- a) Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.
- b) Costs identified as unallowable in 2 CFR 200 Subpart E.

2) FRINGE BENEFITS

Funds allocated to cover allowances, costs and services provided by the contractor to or on behalf of its employees and not included as compensation or salaries and wages.

Fringes of employees chargeable to more than one program must be allocated to all applicable programs as supported by documentation maintained by the CPA that shows an equitable and appropriate distribution of time and effort.

(The determination of Direct vs. Indirect costs correlate to the identification made above within “1 – Salaries”)

REPORTABLE COSTS – DIRECT: (CPA - Direct Worksheet)

- a) Required Fringe Benefits
 - i) FICA
 - ii) Unemployment
 - iii) Worker’s Compensation
- b) Optional Fringe Benefits
 - i) Retirement
 - ii) Medical, Vision & Dental Insurance
 - iii) Life Insurance
 - iv) Disability Insurance
 - v) Any other services costs or allowances paid by the employer as required by law, agreement, or established policy.



Annual Cost Report Handbook – Private Child Placing Agencies



- c) All fringes required by law are mandatory. Those not required by law, such as health insurance, retirement and disability, must meet the following criteria to be allowable:
 - i) Fringe benefits must be reasonable.
 - ii) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
 - iii) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA - Indirect/Administrative Worksheet)*

- a) Required Fringe Benefits
 - i) FICA
 - ii) Unemployment
 - iii) Worker's Compensation
- b) Optional Fringe Benefits
 - i) Retirement
 - ii) Medical, Vision & Dental Insurance
 - iii) Life Insurance
 - iv) Disability Insurance
 - v) Any other services costs or allowances paid by the employer as required by law, agreement, or established policy.
- c) All fringes required by law are mandatory. Those not required by law, such as health insurance, retirement and disability, must meet the following criteria to be allowable:
 - i) Fringe benefits must be reasonable.
 - ii) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
 - iii) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

OTHER PROGRAM COSTS: *(CPA - Other Program Cost Worksheet)*

- a) Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, and meals.
- b) Any costs associated with employee recreational or morale activities.
- c) Costs or allowance paid by the contractor but not required by law, agreement, or established policy.
- d) Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization.
- e) Costs in excess of the prorated portion attributable to partial (less than fulltime) FTE's.
- f) Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.



Annual Cost Report Handbook – Private Child Placing Agencies



NON-REPORTABLE COSTS:

- a) Costs identified as unallowable in 2 CFR 200 Subpart E.

SECTION 2: OPERATING CPA – DIRECT and CPA – INDIRECT/ADMINISTRATIVE

1) OCCUPANCY

Costs arising from occupancy and use of owned or leased buildings for the contracted agency and for direct and/or indirect administrative personnel. Occupancy costs reported must be allocated to all applicable programs as supported by documentation maintained by the CPA that shows an equitable and appropriate distribution of time and effort. Occupancy costs reported must be limited to the portion attributable to the MDHHS contract.

(The determination of Direct vs. Indirect costs correlate to the identification made above within "Section 1: Salaries and Fringe Benefits, 1 – Salaries")

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) The payment of rental costs to a third party for use of the contracted agency facility and property.
- b) Depreciation cost related to the contracted agency facility. Depreciation is computed applying the rules contained in 2 CFR 200.436(c),(d),(e).
- c) Insurance to cover loss of the contracted agency facility and property assets.
- d) The payment of interest expense related to the contracted agency facility in accordance with provisions contained in 2 CFR 200.449.
- e) The payment of property taxes for use of the contracted agency facility in accordance with provisions contained in 2 CFR 200.470.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA - Indirect/Administrative Worksheet)*

- a) The payment of rental costs to a third party for use of the contracted agency facility and property for indirect administrative personnel.
- b) Depreciation cost related to the contracted agency facility space for indirect administrative personnel. Depreciation is computed applying the rules contained in 2 CFR 200.436(c),(d),(e).
- c) Insurance to cover loss of the use of the contracted agency facility space for indirect administrative personnel and property assets.
- d) The payment of interest expense related to the contacted agency facility space for indirect administrative personnel in accordance with provisions contained in 2 CFR 200.449.
- e) The payment of property taxes for use of the contracted agency facility space for indirect administrative personnel in accordance with provisions contained in 2 CFR 200.470.

OTHER PROGRAM COSTS: *(CPA – Other Program Cost Worksheet)*



Annual Cost Report Handbook – Private Child Placing Agencies



- a) None/not applicable

NON-REPORTABLE COSTS:

- a) Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments.
- b) Costs related to idle facilities.
- c) Mortgage principal payments.
- d) Costs identified as unallowable in 2 CFR 200 Subpart E.

2) OPERATIONS

Costs incurred to run the contracted agency facility for direct and/or indirect administrative personnel. Operations costs reported must be allocated to all applicable programs as supported by documentation maintained by the CPA that shows an equitable and appropriate distribution of time and effort. Operations costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: (CPA - Direct Worksheet)

- a) Lawn maintenance, snow removal, and trash removal for the contracted agency facility.
- b) Utilities for the contracted agency facility.
- c) Contracted janitorial/maintenance/repair services for the contracted agency facility.
- d) Repairs that don't add value to the contracted agency facility and that are not capitalized.
- e) Other non-professional contracted services for the contracted agency facility (to the extent they are not otherwise included in any other line item expenses).

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (CPA - Indirect/Administrative Worksheet)

- a) Lawn maintenance, snow removal, and trash removal for the contracted agency facility space for indirect administrative personnel.
- b) Utilities for the contracted agency facility space for indirect administrative personnel.
- c) Contracted janitorial/maintenance/repair services for the contracted agency facility space for indirect administrative personnel.
- d) Repairs that don't add value to the contracted agency facility space for indirect administrative personnel and that are not capitalized.

OTHER PROGRAM COSTS: (CPA – Other Program Cost Worksheet)

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) Selling and marketing costs in accordance with provisions of 2 CFR 200.467.
- b) Costs identified as unallowable in 2 CFR 200 Subpart E.



Annual Cost Report Handbook – Private Child Placing Agencies



3) COMMUNICATION

Costs for written, verbal or data communication. Communication costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) Telephone, wireless devices, internet, data service, postage, and similar expenses related to communications of the contracted agency.
- b) Printing, reproduction and publication costs required by the contract.
- c) State and Federal excise taxes related to items above.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA - Indirect/Administrative Worksheet)*

- a) Telephone, wireless devices, internet, data service, postage, and similar expenses related to indirect administrative personnel.

OTHER PROGRAM COSTS: *(CPA – Other Program Cost Worksheet)*

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) Costs identified as unallowable in 2 CFR 200 Subpart E.

4) EQUIPMENT

Any non-consumable item having a useful life of more than one year that is not attached to the facility (or included as part of the cost of the program/service delivery). The amount reported on the cost report for equipment should match the institution's capitalization and/or expense depreciation policy. The capitalization threshold cannot exceed \$5,000. Any item costing \$5,000 or more must be capitalized and depreciated. However, the CPA can establish a lower capitalization threshold. If requested, proper depreciation records must be available to MDHHS. If depreciation is claimed as equipment expense, the amount reported must be for allowable items only. Equipment costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) Purchases of furniture, appliances, computer equipment, computer maintenance and security applications, printers, chairs, and other durable goods.
- b) Equipment maintenance and repair costs of the contracted agency.
- c) Rental costs for equipment paid to a third party.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA – Indirect/Administrative Worksheet)*

- a) Purchases of furniture, appliances, computer equipment, computer maintenance and security applications, printers, file cabinets, chairs, and other durable goods for the use of contracted facility space for indirect administrative personnel.



Annual Cost Report Handbook – Private Child Placing Agencies

- b) Equipment maintenance and repair costs of the contracted agency for the use of facility space for indirect administrative personnel.
- c) Rental costs for equipment paid to a third party for the use of the contracted agency facility space for indirect administrative personnel.

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) Intangible property.
- b) Costs identified as unallowable in 2 CFR 200 Subpart E.

5) SUPPLIES

Consumable supplies are those that are consumed as they are used. Supplies costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: (*CPA - Direct Worksheet*)

- a) Office supplies, maintenance supplies, and cleaning supplies for the contracted agency facility.
- b) Hygiene supplies for children (e.g. Shampoo, Soap, Toothpaste, etc.).
- c) State sales taxes on supplies.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (*CPA – Indirect/Administrative Worksheet*)

- a) None/not applicable

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) Consumable supplies that will not be consumed during the contract period.
- b) Costs of medical and educational supplies for the contracted agency.
- c) Food and food preparation for contracted agency employees or office employees.

NON-REPORTABLE COSTS:

- a) Costs identified as unallowable in 2 CFR 200 Subpart E.

6) TRAVEL

Travel costs as defined by “Standardized Travel Regulations” issued by the State of Michigan Civil Service Commission and Department of Technology, Management & Budget. Travel costs may include expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the contracted agency. Travel costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: (*CPA - Direct Worksheet*)



Annual Cost Report Handbook – Private Child Placing Agencies



- a) Cost of a contractor owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when primary use of the vehicle is required to accomplish the contracted service(s). Depreciation for vehicles must be based on acquisition cost (less salvage value of vehicle to be replaced). Use straight-line and 5 year useful life.
- b) Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.
- c) Transportation of clients when this cost is required by the contract.
- d) Mileage costs (for employees who are in travel status on official business) in accordance with the prevailing Contractor rate or State of Michigan rate, whichever is less.
- e) Lodging costs (for employees who are in travel status on official business) in accordance with the prevailing Contractor rate or State of Michigan rate, whichever is less.
- f) Food costs (for employees who are in travel status on official business) in accordance with the prevailing Contractor rate or State of Michigan rate, whichever is less.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (*CPA – Indirect/Administrative Worksheet*)

- a) None/not applicable

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) Air travel unless prior written authorization from MDHHS is received.
- b) Mileage costs (for employees who are in travel status on official business) in excess of prevailing Contractor rate or State of Michigan rate, whichever is less.
- c) Lodging costs (for employees who are in travel status on official business) in excess of prevailing Contractor rate or State of Michigan rate, whichever is less.
- d) Food costs (for employees who are in travel status on official business) in excess of prevailing Contractor rate or State of Michigan rate, whichever is less.
- e) Costs related to conferences/meetings/trainings that are not required by MDHHS as activities to be included.

NON-REPORTABLE COSTS:

- a) Costs identified as unallowable in 2 CFR 200 Subpart E.

7) CONTRACTED BUSINESS SERVICES

Costs of professional services rendered to the contractor by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the contractor. Contracted business services costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: (*CPA - Direct Worksheet*)

- a) None/not applicable



Annual Cost Report Handbook – Private Child Placing Agencies



REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA - Indirect/Administrative Worksheet)*

- a) IT Personnel services required for the administration of the contract.
- b) Legal expenses required in the administration of the contract are allowable. Legal expenses for prosecution of claims against the State of Michigan are unallowable.
- c) Advertising expenses specifically for: 1) recruitment of personnel required for the contract, 2) solicitation of bids for the procurement of goods and services required, and 3) other purposes specifically provided for in the contract.
- d) The cost of establishing and maintaining all accounting and other information systems required for management of the contract. This includes costs incurred by a central administration for those purposes.
- e) Data processing expenses specifically required in the contract or where required for management, such as payrolls and personnel records.
- f) Expenses that cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.
- g) Preparing contract payrolls and maintaining necessary related wage records.
- h) Contracted security for the contracted agency.

OTHER PROGRAM COSTS: *(CPA – Other Program Cost Worksheet)*

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) Contracted services performed by the officers or employees of the contractor.
- b) Costs identified as unallowable in 2 CFR 200 Subpart E.

8) CONTRACTED CLIENT PROFESSIONAL SERVICES

Costs of professional and consultant services for clients rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees of the contractor. Contracted client professional services costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) Service providers that offer specific attention to the areas of Education, Recreation, Social Work, Medical and other social services. This may include a contracted Certification Worker.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA – Indirect/Administrative Worksheet)*

- a) None/not applicable

OTHER PROGRAM COSTS: *(CPA – Other Program Cost Worksheet)*



Annual Cost Report Handbook – Private Child Placing Agencies



- a) None/not applicable

NON-REPORTABLE COSTS:

- a) Contracted services performed by the officers or employees of the contractor.
- b) Retainer fees.
- c) Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.
- d) Subcontracts with agencies or individuals that have common ownership or contracts with the Contractor.
- e) Costs identified as unallowable in 2 CFR 200 Subpart E.

9) STAFF TRAINING

The cost of training provided for employee development. Staff training costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: (*CPA - Direct Worksheet*)

- a) Contractors may charge the cost of training conferences and employee training if it:
 - i) Is specifically identified training for the service purchased in the contract,
 - ii) Is not applicable to other services provided by the CPA, and
 - iii) Would not normally be considered a part of general professional development.Examples of acceptable training costs include the training required by Wraparound and Families First programs. Examples of non-acceptable training costs include college tuition costs of employees attending classes that are not specifically related to the contract. Eligible on-the-job training and part-time education, includes costs of training materials & fees charged.
- b) Training costs when related to child care.
- c) Costs of preparation and maintenance of a program of instruction including but not limited to on-the-job, classroom, training, designed to increase the vocational effectiveness of employees, including training materials and fees.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (*CPA – Indirect/Administrative Worksheet*)

- a) None/not applicable

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) Tuition reimbursement for employees.
- b) Costs identified as unallowable in 2 CFR 200 Subpart E.

10) FUNDRAISING

Costs incurred to raise capital or obtain charitable contributions.



Annual Cost Report Handbook – Private Child Placing Agencies



REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) None/not applicable

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA – Indirect/Administrative Worksheet)*

- a) None/not applicable

OTHER PROGRAM COSTS: *(CPA – Other Program Cost Worksheet)*

- a) Organized fundraising.
- b) Financial campaigns.
- c) Endowment drives.
- d) Solicitation of gifts and bequests.
- e) Salaries, wages, and fees of professional fundraisers, paid volunteers and staff members.
- f) Travel expenses, postage and telephone charges for staff positions listed in (e).
- g) Materials for fundraising including brochures, pamphlets, and other supplies.

NON-REPORTABLE COSTS:

- a) All fundraising costs not listed in “Other Program Costs” above.
- b) Costs identified as unallowable in 2 CFR 200 Subpart E.

SECTION 3: CHILD/FAMILY SPECIFIC CPA – DIRECT

1) BOARD & CARE PAYMENTS TO FOSTER PARENTS

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) Board & care payments to foster parents for children in their care.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA – Indirect/Administrative Worksheet)*

- a) None/not applicable

OTHER PROGRAM COSTS: *(CPA – Other Program Cost Worksheet)*

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) None/not applicable

2) FOSTER PARENT MILEAGE

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) Payments to foster parents to transport children to visitation with families and siblings.



Annual Cost Report Handbook – Private Child Placing Agencies



REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (*CPA – Indirect/Administrative Worksheet*)

- a) None/not applicable

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) None/not applicable

3) SPECIFIC ASSISTANCE

The costs of services or unique purchases for a particular client, as opposed to routine services or purchases which are rendered to clients in the normal course of the program activities. Specific assistance that is rendered by others at the ultimate expense of the provider should be included here. Specific assistance costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: (*CPA - Direct Worksheet*)

- a) Items purchased for a specific client and given to that client as required by the contract.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (*CPA – Indirect/Administrative Worksheet*)

- a) None/not applicable

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) None/not applicable

NON-REPORTABLE COSTS:

- a) None/not applicable

4) PURCHASED SERVICES (OTHER THAN EVALUATIONS)

REPORTABLE COSTS – DIRECT: (*CPA - Direct Worksheet*)

- a) Services purchased for children and families, other than evaluations (psychiatric, etc.).

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (*CPA – Indirect/Administrative Worksheet*)

- a) None/not applicable

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) None/not applicable

NON-REPORTABLE COSTS:



Annual Cost Report Handbook – Private Child Placing Agencies



a) None/not applicable

5) EVALUATIONS (PSYCHIATRIC, ETC)

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

a) Evaluation services purchased for families such as psychological assessments/evaluations, substance abuse evaluations, etc. not covered by another funding source such as Medicaid, MDHHS.

REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: *(CPA – Indirect/Administrative Worksheet)*

a) None/not applicable

OTHER PROGRAM COSTS: *(CPA – Other Program Cost Worksheet)*

a) None/not applicable

NON-REPORTABLE COSTS:

a) None/not applicable

SECTION 4: MISCELLANEOUS CPA – DIRECT and CPA – INDIRECT/ADMINISTRATIVE

1) MISCELLANEOUS

Expenses related to the contract, which are not specific to, or included in, other line items. Miscellaneous costs must be separately described. Miscellaneous costs reported must be limited to the portion attributable to the MDHHS contract.

REPORTABLE COSTS – DIRECT: *(CPA - Direct Worksheet)*

- a) Children's Clothing Allowances (e.g. Initial, Semi-annual, and Special) must be identifiable to an individual MDHHS client.
- b) Annual Discretionary Client Payments (birthday and/or holiday gifts up to \$25.00 per child, per birthday and holiday).
- c) Expenditures for MDHHS client activities, recreation, entertainment and outings must be identifiable to an individual client(s).
- d) Employee background checks and drug screening.
- e) Employee uniforms for the contracted service/program.
- f) Professional liability insurance expenses.
- g) Membership Dues for Family Foster Treatment Association (FFTA).
- h) Cable TV, Satellite TV, DVD rental and internet based services.
- i) Costs related to one Foster Parent or Volunteer Appreciation/Recognition Event per year.



Annual Cost Report Handbook – Private Child Placing Agencies



REPORTABLE COSTS – INDIRECT/ADMINISTRATIVE: (*CPA – Indirect/Administrative Worksheet*)

- a) Other miscellaneous costs related to indirect administrative personnel that benefit more than one cost objective, are not readily assignable and are in accordance with provisions of 2 CFR 200.412 and 200.414.

OTHER PROGRAM COSTS: (*CPA – Other Program Cost Worksheet*)

- a) Professional dues/memberships and subscriptions to other associations or organizations (excluding FFTA).
- b) Costs for Gifts, plaques and/or recognition dinners for staff, foster parents and/or volunteers beyond the one event per year.
- c) Costs of preparing contracts or bid proposals.
- d) Individual staff memberships in community, civic, trade, business, technical and professional organizations.

NON-REPORTABLE COSTS:

- a) Interest on borrowed capital or temporary use of endowment funds.
- b) Investment and related expenses incurred solely to enhance income from investments.
- c) Prosecution of claims against the State.
- d) The costs of amusement, diversion, social activities, ceremonials and incidental costs relating hereto, such as meals, lodging, rentals, transportation and gratuities, unless required by the contract.
- e) Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.
- f) Contributions and donation costs for free-will offerings to individuals and agencies.
- g) Contingency costs related to possible future events or conditions rising from presently known or unknown causes, the outcome of which is indeterminable at the present time, e.g. pending litigation and other general business risks.
- h) Bad debt losses (whether actual or estimated) arising from uncollectible customer's accounts and other claims, related costs and related legal costs.
- i) Penalty charges and fees i.e. overdraft, late fees, and delinquency.
- j) Costs identified as unallowable in 2 CFR 200 Subpart E.

SECTION 5: GENERAL NON-REPORTABLE COSTS

Costs incurred by the contractor are unallowable and cannot be charged to MDHHS if they meet any of the definitions below:

- a) Costs that are unreasonable or unnecessary.
- b) Costs already funded through a separate contract and/or another funding source.

Expenditures that should not be reported on the “Annual Cost Report Workbook – Private Child Placing Agencies” in addition to those previously identified in Sections 1-4 are:



Annual Cost Report Handbook – Private Child Placing Agencies



- a) Alcoholic beverages.
- b) Chaplain Services - All expenses incurred to provide chaplain services.
- c) Costs of Fines, Penalties, Legal Judgments and Out-of-Court Settlements - All fines, penalties, judgments, settlements and interest resulting from failure to comply with Federal, State and Local laws, or fines, judgments and penalties imposed by a Court, or agreed to in an out-of-court settlement unless incurred as a result of compliance with specific provisions of an award (contract), or written instructions from the awarding agency.
- d) Defense or prosecution of criminal and civil proceedings, claims, appeals, and patent infringement.
- e) Legal Expenses for prosecution of claims against the State of Michigan.
- f) Bank fines and penalties (including “Non-Sufficient Fund” fees).
- g) Fundraising.
- h) Investment management costs.
- i) Gifts, plaques and/or recognition dinners for staff, foster parents and/or volunteers beyond the one event per year.
- j) Gift cards & fees associated with the acquisition of gift cards.
- k) Goods or services for personal use.
- l) Lobbying and membership dues to lobbying organizations/entities.
- m) Parochial School Tuition - All costs for tuition to parochial school.
- n) Rearrangement, alteration and reconversion costs.
- o) Relocation costs of employees.
- p) Royalties and other costs for use of patents and copyrights.
- q) Special Religious Instructors - All costs incurred to bring in persons to provide religious training.
- r) Employee Termination costs.

SECTION 6: REPORTING PROGRAM STATISTICS

1) DEFINITIONS and METHODS:

This section provides guidance on how to report statistical (non-financial) information for the Child Placing Agencies (CPA). MDHHS gathers statistics on:

a) **Number of Children Served - Table 6.1**

- i) For each CPA contract, the “Number of Children Served” means the number of MDHHS children.
- ii) To determine if a child is an “MDHHS” child, either MDHHS or an MDHHS licensed Child Placing Agency must have referred the child to the CCI.



Annual Cost Report Handbook – Private Child Placing Agencies



- iii) Report the number of children served under each contract (columns D-J). The total number of children served across all contracts automatically totals in column K.

b) Available Days of Care - Table 6.2

- i) Calculate the “Available Days of Care” for each CPA contract.
- ii) Foster Care – report the number of workers providing caseloads multiplied by 15 (i.e. maximum number of cases per worker), multiplied by total days in the fiscal year covered by contract.
- iii) Adoption – report the number of workers providing caseloads multiplied by 15 (i.e. maximum number of cases per worker), multiplied by total days in the fiscal year covered by contract.
- iv) Treatment Foster Care – report the number of workers providing caseloads multiplied by 8 (i.e. maximum number of cases per worker), multiplied by total days in the fiscal year covered by contract.
- v) Report the “Available Days of Care” under the applicable contract column (columns D-J). The total available days of care across all contracts automatically totals in column K.

c) Actual Days of Care - Table 6.2

- i) “Actual days of care” relates only to MDHHS children.
- ii) For each contract, report actual days of service to MDHHS children. If one MDHHS child received 7 days of service, then report “7 actual days of care” ($7 \times 1 = 7$).
- iii) For each adoption case, report the number of days between the DHS Form 3600 date to finalization date.
- iv) Report the subtotal of “Actual Days of Care” under each contract (columns D-J). The total actual days of care across all contracts automatically totals in column K.

d) Full Time Equivalent (FTE) employees that worked on the contract - Table 6.3 & Table 6.4

- i) Table 6.3 and Table 6.4 lists employee categories that match the same employee categories on tab 3 (CPA-Direct) and tab 4 (CPA-Indirect-Administrative).
- ii) Report the actual number of FTEs for the period, not the budgeted amount.
- iii) Enter the number of FTEs that represent each position type. Identical positions or positions similarly aligned should be reported on the same line entry, and their FTEs totaled.
- iv) The number of FTEs must be based on a 2,080 hour employment year. If your pay period is monthly, the 2,080 hours would equal 12 months. If your pay period is weekly, 2,080 hours would equal 52 weeks of employment. If your pay period is bi-weekly, 2,080 hours would equal 26 periods.



Annual Cost Report Handbook – Private Child Placing Agencies



e) FTE employees working on the contract that exited during the reporting period - Table 6.5

- i) Enter the number of FTEs that exited employment during the reporting period, ending September 30th.
- ii) The number of FTEs must be based on a 2,080 hour employment year. If your pay period is monthly, the 2,080 hours would equal 12 months. If your pay period is weekly, 2,080 hours would equal 52 weeks of employment. If your pay period is bi-weekly, 2,080 hours would equal 26 periods.

Example for calculating FTEs: Four (4) MDHHS contracted Direct Service Staff exit employment, total hours worked for these 4 positions was 7,380 hours. FTEs exiting during the reporting period and entered on the cost report would be 3.5480 (7,380 hours ÷ 2,080 hours per FTE).

PART 6: STATUTES AND REGULATORY AUTHORITY

Statutes and Regulations related to Foster Care:

1) State Statutes

- a) Foster Care and Adoption Services Act
[https://legislature.mi.gov/\(S\(pl1jqiswg5mqw3mpk5imwiw\)\)/mileg.aspx?page=getobject&objectName=mcl-Act-203-of-1994](https://legislature.mi.gov/(S(pl1jqiswg5mqw3mpk5imwiw))/mileg.aspx?page=getobject&objectName=mcl-Act-203-of-1994)
- b) Children's Foster Care Manual
<https://dhhs.michigan.gov/olmweb/ex/FO/Public/FOM/000.pdf#pagemode=bookmarks>
- c) Child Welfare Policy Manual
https://acf.hhs.gov/cwpm/programs/cb/laws_policies/laws/cwpm/index.jsp

2) Applicable Administrative Codes

- a) Licensing Rules for Child Placing Agencies
http://w3.lara.state.mi.us/orr/Files/AdminCode/1548_2015-045HS_AdminCode.pdf

3) Code of Federal Regulation

Title 2 – Subtitle A – Chapter II – Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (parts referenced herein)