



STATE OF MICHIGAN

DEPARTMENT OF HUMAN SERVICES  
LANSING

RICK SNYDER  
GOVERNOR

MAURA D. CORRIGAN  
DIRECTOR

**IV-D MEMORANDUM 2012-004**

**TO:** All Prosecuting Attorney (PA) Staff  
All Friend of the Court (FOC) Staff

**FROM:** Marilyn F. Stephen, Director  
Office of Child Support

**DATE:** February 2, 2012

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| <p><b>UPDATE(S):</b></p> <p><input type="checkbox"/> Manual</p> <p><input type="checkbox"/> Form(s)</p> |
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**SUBJECT:** Michigan Child Support Enforcement System (MiCSES) Technical Support Guidelines, Personal Computer (PC) Allocation Guidelines, Data Processing (DP) Costs and Reimbursement Through the Cooperative Reimbursement Program (CRP), and IV-D-Funded Computer Equipment Requests

**RESPONSE DUE:** None

**POLICY EFFECTIVE DATE:** Upon receipt

**PURPOSE:**

This IV-D Memorandum explains:

- The technical support guidelines and support responsibilities related to the desktop hardware (PCs), network hardware and software between the Michigan Department of Technology, Management & Budget (DTMB) and the counties' Departments of Information Technology (IT) with regard to the IV-D DP equipment and applications used by the county FOC and PA offices;
- PC allocation guidelines;
- The current DP cost policy, including which DP costs may be charged to the Title IV-D CRP contracts and the allowable billing methods for DP purchases; and
- How to request the approval of DP equipment purchases.

This policy replaces and obsoletes IV-D Memorandum 2010-001, *Data Processing (DP) Costs and Reimbursement Through the Cooperative Reimbursement Program (CRP), IV-D-Funded Computer Equipment Requests, and Personal Computer (PC) Allocation Guidelines*. Also, this policy incorporates the technical support guidelines previously included in Michigan IV-D Action Transmittal (AT) 2006-030, *Michigan Child Support*

*Enforcement System (MiCSES) Technical Support Guidelines and CSES Users Letter 2000-01, CSES Equipment Guidelines and Procedures.*

This policy announces that, to improve efficiency and replacement timelines, DTMB will no longer provide printers after September 30, 2012, or monitors or other peripherals such as keyboards and mice after February 15, 2012. After these dates, printers, monitors or other peripherals such as keyboards and mice should be provided by the county, and reimbursement of any eligible costs for these items will be through the CRP agreement.

Note: Counties may choose to provide printers prior to September 30, 2012. If so, the processes and procedures related to printers in this policy that would apply after September 30, 2012 will apply to the county as of the date of that choice.

This policy makes the following changes to the attachments republished from IV-D Memorandum 2010-001:

- The direct billing certification for imaging systems contained in Exhibit 2010-001E1 (now labeled 2012-004E5), *Data Processing (DP) Direct Billing Certification Form*, was eliminated because imaging systems were prohibited from being directly billed under IV-D Memorandum 2010-001.
- Exhibit 2010-001E4, *Examples of Information to Include in the Business Case When New Printers or Monitors Are Being Added or Are Replacing Current Printers or Monitors*, was eliminated because these items can be purchased without prior approval after the effective dates.
- Exhibit 2010-001E5 (now labeled 2012-004E4), *Examples of Information to Include in the Business Case When Imaging Systems Are Being Requested*, was revised to delete any information needed for direct billing. It was also revised to include information requests needed to evaluate the imaging system features and costs.

Change bars in the right margin of the memorandum indicate changes since the last publication of this material.

## **DISCUSSION:**

### **1. Overview**

FOC and PA offices use DTMB-provided (through the IV-D program's MiCSES project) desktop and network hardware and software (DP equipment) and IV-D applications to allow staff to access MiCSES. The DP equipment provided by DTMB is designed to meet the needs of the IV-D application (MiCSES) and is often integrated with the existing county IT infrastructure.

The FOC and PA offices have been provided with information on DTMB policies, standards, and acceptable use for the DTMB-owned hardware, software, and network. The technical support guidelines set forth in this IV-D Memorandum more

specifically outline the responsibilities of the county IT staff and DTMB staff with regard to the desktop hardware and software and IV-D applications that are integrated with and are a part of the county IT infrastructure. These technical support guidelines were previously provided in AT 2006-030 and are essentially unchanged in this memorandum other than to remove coverage for printers, monitors, and other peripherals such as keyboards and mice after the effective dates.<sup>1</sup> Any other changes are indicated with a change bar in the right margin.

FOCs and PAs use some DP-related services, such as applications accessed on county systems for timekeeping, payroll, imaging and county communications, that are needed for the operation of local business functions and are not provided by DTMB or through other federal grants.<sup>2</sup> The Title IV-D program cannot reimburse, through the CRP agreement or through any other federal grant, the cost of any DP equipment or services provided by DTMB. However, once the costs for these DP-related services are properly identified, documented and approved, the Office of Child Support (OCS) will allow reimbursement through the CRP agreement.

FOCs and PAs may purchase without prior approval printers, scanners, monitors, and other peripherals such as keyboards and mice through their own procurement processes. Reimbursement of any eligible costs for these items will be through the CRP agreement.

Note: Although DTMB will no longer provide printers, scanners, monitors, and other peripherals such as keyboards and mice after the effective dates, DTMB will continue to provide and support desktop PCs in accordance with the technical support guidelines.

## 2. Technical Support Guidelines<sup>3</sup>

The technical support guidelines address situations in which FOCs and PAs use DTMB-provided PCs to log into a central server provided by either DTMB or the county for the purposes of:

- Distribution of automated virus updates;
- Distribution of automated operating system patches;
- General software updates;
- Remote desktop troubleshooting and resolution;
- File and print services; and
- User login.

From an information technology perspective, either DTMB or the county IT department (or county-provided IT vendor) manages the FOC and PA offices. In

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<sup>1</sup> The effective date for printers is September 30, 2012; the effective date for monitors or other peripherals such as keyboards and mice is February 15, 2012.

<sup>2</sup> This could also include the need for additional workstations.

<sup>3</sup> The information in the following subsections is summarized in Exhibit 2012-004E1.

most counties, the technical management model applies to the county as a whole, meaning that both the FOC and PA offices adopt the same technical management model. The following table defines the two models for technical management.

| Term           | Description  |
|----------------|--|
| State-Managed  | <p>Tier 1: Local FOC or PA offices with DTMB-provided PCs that log into a DTMB-provided central server for the purposes of automated virus update distribution, automated operating system patch distribution, general software updates, remote desktop troubleshooting and resolution, Internet access, state email use, and user login. The hardware resides on the state local area network (LAN).</p> <p>Tier 2: Local FOC or PA offices with DTMB-provided PCs that log into a DTMB-provided central server for the purposes of automated virus update distribution, automated operating system patch distribution, general software updates, remote desktop troubleshooting and resolution, and user login. Hardware in a Tier 2 environment also connects to a county network. In this situation, the county is responsible for the network configuration, Internet access and providing and supporting email capabilities. The hardware may reside on the county or state LAN.</p> |
| County-Managed | <p>Local FOC or PA offices with DTMB-provided PCs that log into a local county-provided central server for the purposes of automated virus update distribution, automated operating system patch distribution, general software updates, remote desktop troubleshooting and resolution, file and print services, user login, Internet access, and providing and supporting email capabilities. The hardware resides on the county LAN. The state desktop image is customized with a county-specific image. County office staff maintain the customized image.</p>  |

## 2.1 Networks

- 2.1.1 County or vendor IT staff will provide all routine and emergency service for the county's LAN hardware and cable components for the county FOC and PA offices. County or vendor IT staff will provide these services for state-managed Tier 2 and county-managed sites.
- 2.1.2 DTMB will provide all routine and emergency service for the wide area network (WAN) connecting the FOC and PA offices to the state's network. This service includes maintenance and repair of the router connecting to the WAN. DTMB will also provide all routine and emergency LAN services for state-managed Tier 1 sites.

2.1.3 County and/or vendor IT staff and DTMB will work together to resolve network problems that are not clearly state WAN- or county LAN-related until there is mutual agreement regarding the responsible party. If DTMB and the county are unable to agree on who is responsible for problem resolution within four hours after the problem arises, either party will invoke the escalation process described in Subsection 2.5 of this IV-D Memorandum.

## 2.2 Hardware Other Than Printers, Monitors, and Other Peripheral Devices

2.2.1 DTMB will correct problems related to or will replace DTMB-provided hardware, including network hardware via a vendor warranty contract. Maintenance does **not** cover accidental damage such as dropped hardware, coffee/soft drink spills, damage caused by the site's negligence to protect against computer viruses, or installation of additional hardware or software by unauthorized personnel. Costs incurred to repair damage resulting from accidents will be the responsibility of the local site or county. DTMB-provided hardware that needs to be replaced due to obsolescence will be replaced by the state depending on budget and resources. For purposes of this subsection, "obsolescence" means that the hardware is unable to provide the functionality necessary for the users to perform their assigned IV-D tasks and/or fulfill their IV-D responsibilities, as more fully described in the CRP agreement in effect at the time. See Subsection 3 of this IV-D Memorandum for additional information.

2.2.2 County or vendor IT staff will support all county-provided hardware including network hardware at the FOC and PA offices.

2.2.3 County FOC, PA or IT staff may move DTMB-provided hardware within the confines of the county offices, provided the hardware continues to be used solely for IV-D purposes and adheres to the physical security guidelines set by the Internal Revenue Service Publication 1075 and OCS. If hardware is being moved to a location that will require new networking and wiring, the MiCSES project Help Desk must be notified at least eight weeks in advance of the move. DTMB will help coordinate with the county or vendor IT staff.

2.2.4 If the FOC or PA office increases or decreases staff, see Subsection 4 of this IV-D Memorandum.

## 2.3 Software

2.3.1 For county-managed sites, DTMB will notify the county Local Project Coordinator (LPC) of any IV-D application upgrades or changes that are forthcoming to the IV-D agency layer. DTMB will distribute information about the application upgrade or change, including the potential impact

and implementation date, as soon as information is available. It will be the county's responsibility to implement the upgrade or change in a timely manner. Upgrades may be available through a Web site or compact disc (CD). For state-managed Tier 1 and Tier 2 sites, DTMB will be fully responsible for implementation of any upgrades or changes to the IV-D agency layer.

2.3.2 It is required that county staff follow the process outlined in Subsection 5 of this IV-D Memorandum to request a technical compatibility review prior to the installation of new or additional software to DTMB-provided PCs. Absent such review and approval, installation of new or additional software will be at the county's own risk, and problem resolution will be entirely the county's responsibility. County-managed sites will be required to re-image the PCs with their county image. DTMB will image the state-supported PCs (Tier 1 and Tier 2) to the baseline image. Further county software updates will be the county IT's or county vendor's responsibility.

2.3.3 County IT staff will support software licensed to the county that is installed on DTMB-provided PCs.

#### 2.4 Problem-Resolution Process

2.4.1 County IT staff will provide names of contact people from the FOC, PA and county IT who are authorized to contact DTMB. The FOC, PA or IT contact person will notify the DTMB Client Services Center to resolve any hardware, software or network communication issues related to MiCSES. If the DTMB Client Services Center is unable to resolve the issue, staff members will immediately notify the appropriate DTMB staff who will work directly with the FOC, PA or county IT staff to resolve the issue.

2.4.2 The DTMB Client Services Center will be available to facilitate problem resolution for hardware, IV-D software and network issues Monday through Friday, from 7:30 a.m. until 5 p.m. The DTMB Client Services Center will not provide assistance for software installed by the county.

2.4.3 The DTMB Client Services Center can be contacted directly by phone at 1-800-968-2644, or by email at [DITservice@michigan.gov](mailto:DITservice@michigan.gov). To ensure proper routing of requests, FOCs and PAs should identify themselves as from a county FOC or PA office and not a Department of Human Services (DHS) local office.

2.4.4 The DTMB Client Services Center will email communications only to those individuals identified as LPCs. It is a county responsibility to distribute information emailed to LPCs to appropriate FOC and PA end-users.

2.4.5 DTMB staff and the FOC, PA or IT contact person will schedule service calls that require DTMB staff to access any hardware at county FOC or PA offices.

## 2.5 Escalation Process

2.5.1 It is highly desirable for individuals closest to the situation to resolve problems in a timely manner. In the event that county IT and DTMB staff are unable to reach agreement within four hours on who is responsible for correcting a network, hardware, or software problem, either or both parties will escalate the issue to the county IT director and the DTMB-DHS Client Services director. If these two individuals are unable to reach agreement within one business day, either or both parties will escalate the issue to the Program Leadership Group (PLG) for resolution.

2.5.2 Depending on the nature of the problem, the PLG will consider the issue at its next regularly scheduled meeting or through an immediate conference call. The county IT director and the DTMB-DHS Client Services director will each submit to the PLG a written description of the problem, a description of attempts to resolve the problem, and a recommendation for resolution. County IT and DTMB staff will make knowledgeable representatives available to discuss the issue with the PLG.

## 3. Replacement of Equipment Other Than Printers, Monitors, and Other Peripheral Devices

As described in Section 2.2.1 of this IV-D Memorandum, if current DTMB-provided equipment fails or malfunctions and/or is not under warranty, DTMB will replace the equipment at no charge with the current DTMB standard. If FOCs or PAs want to replace failed equipment with non-DTMB standard equipment, they may do so but must follow the equipment replacement process outlined in Subsection 5 below to seek OCS and DTMB approval. FOCs or PAs may also choose to replace their properly functioning DTMB-issued equipment prior to a state replacement cycle with prior OCS and DTMB approval as outlined in Subsection 5 below; however, the equipment will not be provided by DTMB.

The FOC or PA must make arrangements with DTMB for the return of any failed or replaced DTMB-issued equipment. The FOC or PA must return the failed or replaced equipment to DTMB. If the FOC or PA does not return the failed or replaced equipment, any replacement described in the previous paragraph cannot be billed through the CRP agreement.

DTMB-provided printers, monitors and peripheral devices that have failed or are being replaced after the effective dates when DTMB will no longer provide these items should be disposed of in accordance with the county's disposal policy. The

county disposal policy must ensure that any data/memory is overwritten or erased prior to disposal. If the county policy does not ensure that any data/memory is overwritten or erased prior to disposal, then the device must be returned to DTMB.

DTMB will not service, support or replace any non-DTMB-provided equipment. DTMB also will not service any DTMB-provided printers, monitors and other peripheral devices after the effective dates. It is the responsibility of the FOC or PA to provide future service, support and/or replacement for any equipment or software not provided by DTMB and for any DTMB-provided printers, monitors and other peripheral devices, after the effective dates.

#### **4. Additional PC Equipment Not Provided in the IV-D Full-Time Equivalent (FTE) Allocation**

The number of PCs that are furnished to an FOC or PA through DTMB is based on the 12-month IV-D FTE average submitted monthly by the FOC or PA on the *Title IV-D Cooperative Reimbursement Actual Expenditure Report* (DHS-286) form, plus 10 percent of the IV-D FTE count. The additional 10 percent is designed to cover business reasons such as the need to access MiCSES in mediation rooms, common rooms, referee hearings and client interviews. If an FOC or PA has a permanent increase in IV-D staff and the increase does not immediately affect the FOC's or PA's average IV-D FTE count, the FOC or PA may choose to purchase, through the CRP agreement, PCs that exceed the number provided by DTMB. However, the FOC or PA must follow the equipment replacement process outlined in Subsection 3 above to seek DTMB and OCS approval.

All FOCs or PAs must work with DTMB and OCS to perform an annual inventory of PCs. The annual inventory will consist of a list of all DTMB-funded PCs plus any PCs purchased through the CRP agreement and an indication of the staff person to whom the PC is assigned. If the PC is not assigned to an individual, then a description of where and how the PC is used must be provided.

If an FOC or PA has a permanent decrease in IV-D staff, the FOC or PA must make arrangements with DTMB to return the number of 100 percent state-funded PCs over the new IV-D allocation. If an FOC or PA has a permanent increase in staff that has increased its IV-D allocation count, the FOC or PA would then be eligible for additional DTMB-funded PCs within the OCS allocation guidelines as described above. A request for additional PCs related to a permanent increase in staff must be sent to OCS Financial Management at the address listed under Subsection 5.1 of this IV-D Memorandum.

DTMB may provide, at OCS's direction, additional 100 percent DTMB-funded PCs to an FOC or PA in cases where an FOC or PA has a IV-D satellite office. A satellite office is an additional work site used by a IV-D employee who has already been counted in the DTMB IV-D FTE PC allocation formula and is traveling between sites to fully service IV-D customers. Locations used to perform only specific tasks such

as hearings and interviews are not considered satellite offices because the task performed is for a specific action and there is not a complete array of services offered to the IV-D customer.

Requests for satellite office PCs will require a written communication from the FOC or PA to OCS Financial Management at the address listed under Subsection 5.1 of this IV-D Memorandum. In the request, the FOC or PA must describe the need for an additional PC. The FOC or PA must also include the address of the satellite location and confirm that:

- There is no IV-D PC workstation installed at the location;
- The location will not have any permanently assigned IV-D staff;
- The staff assigned to the primary work site work in the satellite office intermittently in order to be available to IV-D customers residing in the vicinity; and
- The work performed at the satellite location is for the purpose of IV-D child support enforcement and/or establishment.

#### **5. Prior Approval Process for Hardware and Software Purchases (Other Than Printers, Monitors, and Other Peripheral Devices) Through the CRP Agreement**

This IV-D Memorandum does not change the requirement to have prior written approval for:

- Any new or replacement hardware or software that will replace or directly interact with items or services that are provided by DTMB or through another federal grant and are not being provided by DTMB as described under Subsection 3 of this IV-D Memorandum (e.g., an imaging system); and
- DP-related services prior to the time they are billed, such as applications accessed on agency or county systems for timekeeping, payroll, imaging and communications<sup>4</sup> that are needed for the operation of local business functions and are not provided by DTMB or through other federal grants.

The DP costs listed above may only be billed after written approval has been received from OCS. For new hardware and software including imaging systems, it is important that OCS written approval be received prior to the actual purchase because OCS may deny IV-D funding for the purchase. However, applications accessed on county systems for timekeeping, payroll, county communications, etc. that are needed for the operation of local business functions would already be in place, and therefore the written pre-approval, as a practical matter, cannot be done prior to the actual purchase.<sup>5</sup>

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<sup>4</sup> This could also include the need for additional workstations.

<sup>5</sup> This could also include the need for additional workstations.

As noted above, the need to request prior approval for purchases of printers, scanners, monitors and other peripheral devices will be eliminated after the effective dates. Printers, scanners, monitors and other peripheral devices can be billed to the CRP without prior approval after the effective dates.

All DP purchase requests that are required to be submitted for prior written approval must be processed as follows:

5.1 The FOC or PA must prepare a formal, written and detailed request and send it to:

Michigan Department of Human Services  
OCS Financial Management  
Grand Tower Suite 1215  
P.O. Box 30478  
Lansing, MI 48909-7978

The request must include a description of the hardware, software, connection or other needs, including detailed technical specifications. The request must also include the FOC's or PA's written business case for the purchase. The business case must include an explanation of how the purchase will be used to accomplish the goals of the IV-D program, and if applicable, an equipment reconciliation of both DTMB-funded and CRP-purchased equipment and documentation of the cost.<sup>6</sup> The FOC or PA must also explain how the current resources do not meet the FOC's or PA's needs. In addition, the FOC or PA must explain how the purchase will be billed and, if an exception to directly bill the purchase is requested, must provide the required documentation and certification.

5.2 OCS will forward the request and technical specifications to DTMB staff for their review and approval.

5.3 DTMB staff will evaluate the proposed purchase for compatibility with the items or services that are provided by DTMB or through another federal grant. DTMB staff may contact the requester directly for additional information or for clarification related to the request. If DTMB does not find any compatibility issues with the purchase request, DTMB staff will issue a response to OCS Financial Management stating that the purchase is compatible.

5.4 If DTMB determines the equipment is not compatible with MiCSES, then OCS Financial Management will forward the DTMB response to the FOC or PA. If DTMB states the equipment is compatible, OCS will determine whether the purchase is eligible for CRP contract reimbursement based on the written business case presented by the FOC or PA. OCS will also determine if the

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<sup>6</sup> Ref: Exhibits 2012-004E2 through 2012-004E4 for examples of information to include in the business case.

billing method proposed by the FOC or PA is allowed. If there are no compatibility issues, the business case justifies the purchase, the billing method is appropriate (and if applicable, the documentation and certification for an exception to direct-bill is sufficient and meets the requirements), and OCS determines that the cost is reasonable and necessary, OCS Financial Management will provide a written notice of approval to the county. A prior written approval notice is required before any of the proposed costs can be billed to the CRP contract.

Note: Title IV-D federal or state funding used for DP costs purchased or leased without prior written approval is subject to disallowance.

## **6. DP Definition for Billing of DP-Related Costs to the CRP Agreement**

For purposes of reimbursement of any costs through the CRP agreement, DP is defined as access to or use of computer-based system(s) or data that complement, but do not duplicate, equipment or services that are provided by DTMB, including the state's IV-D applications or through another federal grant, in order to more fully address local IV-D business needs not provided by DTMB (e.g., imaging systems). Included in DP costs are hardware and software and the cost of information technology support staff. Office supplies (e.g., printer paper, toner, etc.) are excluded from the definition of DP costs.

Note: As mentioned above in this IV-D Memorandum, DTMB will no longer provide printers, monitors and other peripheral devices after the effective dates; however, these items are included in the definition of DP and are subject to all associated guidelines for DP equipment.

## **7. Billing of DP-Related Costs to the CRP Agreement**

The method used to determine the amount to bill DHS for DP costs must be the same as the method used to charge DP costs to/for other departments or units within the county. Generally, counties cost-allocate DP costs and services as an indirect cost. This is done through an indirect cost allocation plan (CAP), an internal service fund (ISF), or other internal billing arrangement (IBA) that is not an ISF.<sup>7</sup> The requirement to use the same method is necessary to:

- Ensure that the methods used to charge costs to the CRP are consistent with the methods used to charge all county units or departments; and
- Eliminate the possibility that the CRP is both directly and indirectly charged for the same type of cost.

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<sup>7</sup> Ref: [Action Transmittal \(AT\) 2007-012, Requirement to Report Billed Central Services, Including Internal Service Funds \(ISFs\) Information, in Indirect Cost Allocation Plans \(CAPs\) and Timelines for Submitting Indirect Cost Plans.](#)

If a county has chosen to use a CAP, ISF or IBA to distribute DP costs, the FOC or PA DP costs must flow through the same process and cannot be directly billed.

Exceptions to allow direct billing of DP equipment will be authorized by OCS only when the FOC or PA can:

- **Document** that direct billing is consistent with the methods used to charge DP costs to/for other departments or units within the agency or county; **and**
- **Certify** that no other DP equipment is included in any CAP, ISF or IBA that is, has been, or will be allocated or billed to the county FOC or PA office (other than a secondary distribution from a central service department).

Note: The current depreciation of any direct-billed DP hardware allowed prior to the publication of this IV-D Memorandum will continue until the item is fully depreciated.

The documentation and the certification are required for each request from the county FOC or PA office. Requests must be signed by the chief financial officer responsible for the overall agency or county financial administration and acknowledged by the requesting FOC or PA office.<sup>8</sup> An FOC or PA may not directly bill any DP equipment without the prior consent of OCS.

The costs of imaging systems, including hardware and software, must be included in a CAP, ISF or IBA and may not be billed as a direct cost because in general, the most cost-effective and efficient use of the imaging systems involves users outside the FOC or PA office. For purposes of this memorandum, an imaging system is defined as containing all of the equipment, services, and software needed to place the imaging system in service.

The cost of an imaging system must be distributed to all users of the imaging system. If an imaging system is implemented and users other than users in the FOC or PA office are allowed access over time, care must be taken to ensure that the startup costs and basic system costs are redistributed to all users of the imaging system. The appropriate distribution may take a number of different forms. If the imaging system startup costs/basic system costs are being amortized/depreciated, then each fiscal year's costs should be distributed to all users in each fiscal year. If the imaging system startup costs/basic system costs were expensed and distributed to only the users in that particular fiscal year and new users are added in subsequent fiscal years, then a credit must be given to the initial users who were charged. The credit would be equal to the startup costs/basic system costs multiplied by the unused percentage of the imaging system. The unused percentage is equal to five years (or other amortization period approved in writing by OCS) minus the number of fiscal years since the initial implementation, and that result is divided by five years (or another approved number of years). For example: If an imaging system was purchased in the last fiscal year and new users were added this

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<sup>8</sup> Ref: Exhibit 2012-004E5 for the certification form.

fiscal year, it is five years – one year = four years remaining; four years divided by five years = 80 percent.

## **8. Unallowable Costs**

The intention of this IV-D Memorandum is not to provide a comprehensive list of non-reimbursable hardware and software costs. However, the following DP costs cannot be reimbursed through the CRP contract:

- Software applications that duplicate services provided by DTMB or through another federal grant; for example, a county court case tracking system. The cost of this tracking system duplicates MiCSES tracking functionality and therefore is not eligible for Title IV-D reimbursement;
- Hardware that duplicates the hardware provided by DTMB or through another federal grant;
- Hardware that is considered unreasonable or unnecessary in the circumstances; and
- County Voice Response System (VRS). This service is not reimbursable through the CRP contract because it is already provided by the state.

## **9. Annual Budget Summary and DHS-286 Monthly Expenditure Reports**

All DP costs must appear in the DP line item within the CRP agreement's annual budget summary and the DHS-286 monthly expenditure reports.

## **10. Appropriate Allocation of DP-Related Costs in a Cost Allocation Plan (CAP), Internal Service Fund (ISF) or Other Billed Central Service Arrangement That Is Not an ISF**

The purpose of any cost allocation method (whether through the CAP, ISF or other billed central service arrangement that is not an ISF) must be to appropriately distribute the costs to departments within the county. A number of factors provide for an appropriate allocation. Two basic factors are:

- How the costs are grouped; and
- What the allocation base is for each group of costs.

These two factors must be designed so that costs are allocated appropriately to the benefiting users. There are instances when the distribution of costs is appropriate to all PC users, and there are times when it is appropriate to allocate only to those who have approved access to a certain program (costs are allocated by user ID).

An example of a cost that may indicate the need for a different grouping of costs and a different basis for each cost would be the cost of a financial application for treasurer tax records.

**Example:**

The treasurer has nine PCs. The FOC has 11 PCs. The county has a financial application used by all nine members of the treasurer's staff and only one member of the FOC staff. In this situation, it is appropriate to allocate the cost by user ID because only some of the PCs have access to the application and its benefits. If costs were based on the total number of PCs, the FOC, with more PCs but only one benefiting user, would incur the majority of the cost.

Unless the applications and the county computer systems are very basic, it is inappropriate to group all costs into one pool and divide by the number of PCs within the county. Each department may not need a particular application, and not all PCs may need access to it.

The above allocation example should serve as a guide. Counties must allocate DP costs using appropriate cost groupings that reflect the users benefiting from the services. These principles apply whether the allocations are through a CAP, ISF or a billed central service arrangement that is not an ISF. In accordance with 2 Code of Federal Regulations (CFR) Part 225 (the Federal Office of Management and Budget [OMB] Circular A-87<sup>9</sup> Attachment A), costs must be appropriately assigned in accordance with the benefits received. It is also the responsibility of the FOCs or PAs to be familiar with state policies and procedures.

FOCs or PAs must refer to OMB Circular A-87, Attachments C and D, and the U.S. Department of Health and Human Services publication titled *A Guide for State, Local and Indian Tribal Governments, Cost Principles and Procedures for Developing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government*. These publications serve as guides for allocating costs using indirect cost plans and ISFs. FOC or PA DP costs must be identifiable to an external auditor.

Counties must also review their CAP, ISF or billed central service arrangement that is not an ISF to ensure that any allocations that are proposed to be billed do not duplicate services provided by the state. Tier 1 and Tier 2 counties should pay particular attention to the services provided as described under the technical management models.

## 11. Procurement Standards, Reasonable and Necessary

The magnitude of DP costs, including imaging systems, makes it critical that FOCs or PAs pay particular attention to the procurement requirements. All purchases submitted to OCS must be made in accordance with 45 CFR 95.613, Procurement Standards, and 45 CFR 92.36. Particular attention must be paid to 45 CFR 74.40–74.46,<sup>10</sup> which are referenced by 45 CFR 95.613. FOCs or PAs must ensure that the

<sup>9</sup> Ref: [OMB Circular A-87 and its attachments](#).

<sup>10</sup> Ref: Exhibit 2012-004E6.

county procurement procedures and process used to acquire imaging systems meet these requirements and that they are used to make purchases that will be charged to the CRP.

OMB Circular A-87, Attachment A, Section C(2) requires that costs charged must be reasonable. In its review of a request, OCS may require a cost benefit analysis if the potential benefits appear to be out of line compared to the cost incurred.

**NECESSARY ACTION:**

This memorandum replaces and obsoletes:

- IV-D Memorandum 2010-001;
- AT 2006-030; and
- CSES Users Letter 2000-01.

Retain this IV-D Memorandum until further notice.

**REVIEW PARTICIPANTS:**

DHS Administration for Budget Analysis and Financial Management (BAFM)  
DHS/OCS Financial Management  
DHS/OCS Planning/Evaluation Administration  
DTMB/MiCSES  
Bureau of Accounting - Federal Reporting Contracts and Recoupment Division,  
Federal Reporting Section  
DHS Office of Internal Audit  
Program Leadership Group

**CONTACT PERSON:**

Duane Noworyta  
OCS Financial Management  
[NorworytaD@michigan.gov](mailto:NorworytaD@michigan.gov)  
(517) 241-7728

**CC:**

None

**SUPPORTING REFERENCES:**

Federal  
Federal OMB Circular A-87  
2 CFR Part 225  
45 CFR Parts 74, 92 and 95

State  
None

**ATTACHMENTS:**

- 2012-004E1: *Repair, Maintenance, or Replacement of Equipment: A Summary of Actions*
- 2012-004E2: *Examples of Information to Include in the Business Case When Additional Personal Computers (PCs) Are Being Requested*
- 2012-004E3: *Examples of Information to Include in the Business Case When Replacement Personal Computers (PCs) Are Being Requested*
- 2012-004E4: *Examples of Information to Include in the Business Case When Imaging Systems Are Being Requested*
- 2012-004E5: *Data Processing (DP) Direct Billing Certification Form*
- 2012-004E6: 45 CFR 95.613, 45 CFR 74.40–74.46 and 45 CFR 92.36

**MFS/DN**