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

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

DATE: March 23, 2012

SUBJECT: Time Documentation

RESPONSE DUE: None

POLICY EFFECTIVE DATES: The changes for FOC time documentation are effective for all pay periods that begin after April 1, 2012.

The IV-D caseload percentage will not be used to calculate the personnel costs on the DHS-286 submitted for the month of April 2012 and thereafter.

All other requirements are effective the first month following the issuance of this memorandum.

PURPOSE:

The purpose of this IV-D Memorandum is to update current policy regarding Title IV-D time documentation for personnel costs charged to the Title IV-D Cooperative Reimbursement Program (CRP) contracts. This IV-D Memorandum explains the following:

- Changes to the federal award activity and unallowable activity definitions for purposes of FOC time documentation (there were no changes to PA time documentation). The changes for FOC time documentation are effective for all pay periods that begin after April 1, 2012. After that date, in addition to parenting time and custody, Work First, non-child support family court functions, court administration, and any other non-enforcement activity, FOC staff must also record on Personnel Activity Reports (PARs) any time spent on cases designated as an “L” type case in the Michigan Child Support Enforcement System (MiCSES) during the time period covered by the time documentation (these cases include but are not
limited to cases without a signed IV-D application, opt-out, alimony-only, or spousal support cases);

- How EGrAMS (the Office of Child Support’s [OCS’s] Web-based contract and billing system used by FOC and PA staff) has affected time documentation; and

- That the IV-D caseload percentage, effective for the Title IV-D Cooperative Reimbursement Actual Expenditure Report (DHS-286) submitted for the month of April 2012 and thereafter, will not be used to calculate the FOC personnel costs.

The regulations, policies and guidelines cited in this IV-D Memorandum are mandatory for all parties who receive reimbursement for personnel expenditures that result from contractual agreements to provide services for the Michigan Title IV-D child support enforcement program.

This IV-D Memorandum replaces and obsoletes Action Transmittal (AT) 2009-006, Time Documentation. Significant changes since the last publication of this content are indicated with a change bar in the right margin.

DISCUSSION:

Time documentation of an employee’s work effort determines the share of costs that will be reimbursed by Title IV-D funds. Time documentation establishes two major cost items – the total Title IV-D labor costs and the Title IV-D full-time equivalent (FTE) percentage used to allocate the line items of data processing; other direct, central services; and some other income for provider offices.

A. Multiple-Activity Employees

Employees who perform multiple activities or cost objectives must document the time worked on various tasks performed throughout the workday. A Personnel Activity Report (PAR) (Ref: Exhibit 2012-012E1) must be used to record the time spent on each task.

Working on multiple activities or cost objectives is defined as working on one or more of the following:

(a.) More than one federal award,
(b.) A federal award and a non-federal award,
(c.) An indirect cost activity and a direct cost activity,
(d.) Two or more indirect activities which are allocated using different allocation bases, or
(e.) An unallowable activity and a direct or indirect cost activity.

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A federal award and an unallowable activity will apply to most employees billed to the IV-D program. Effective for time documentation for all pay periods that begin after April 1, 2012, the table below shows the federal award activities and unallowable activities for FOC, PA, and AG employees.

<table>
<thead>
<tr>
<th>Employees</th>
<th>Federal Award Activity</th>
<th>Unallowable Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>FOC</td>
<td>Child support enforcement work; for the purposes of time documentation only, child support work is defined as any MiCSES caseload work other than work defined under unallowable activity</td>
<td>Non-child support enforcement work, such as work done on any cases designated as an “L” type case on MiCSES during the time period covered by the time documentation (these cases include but are not limited to cases without a signed IV-D application, opt-out, alimony-only, or spousal support cases), parenting time and custody, Work First, non-child support family court functions, court administration, and any other non-enforcement activity</td>
</tr>
<tr>
<td>PA</td>
<td>Title IV-D paternity establishment, case establishment and felony non-support work</td>
<td>All other work performed, including mediation or resolution of parenting time and custody issues</td>
</tr>
<tr>
<td>AG</td>
<td>Child support felony non-support work and other referred IV-D work</td>
<td>All other work performed</td>
</tr>
</tbody>
</table>

Only the federal award activities of the FOC, PA and AG are allowable costs to be billed to the IV-D program. Throughout the remainder of this IV-D Memorandum, the federal award activities described above will be referred to as child support work, and the unallowable activities will be referred to as non-child support work.

The other activities or objectives listed in (a.) through (e.) above generally would apply to central services costs being charged through county indirect cost plans. However, they may also be applied to an FOC, PA, or AG employee, and in those circumstances, a PAR would be required.

PARs must meet these standards:

1. PARs must:

   a. Indicate the county, employee name, and office;
   b. Record the total actual time worked for which the employee is compensated;
c. Record the time spent on both child support and non-child support activities;

d. Record court case numbers;

e. Be prepared daily and for each day within the pay period;

f. Be signed and dated by the employee; and

g. Be kept on file for the record retention period required for billing support documentation as specified in the CRP agreement.

2. Totals from the daily PARs must be used to complete the Billing Pay Period Worksheet (Ref: Exhibit 2012-012E2).

OCS does not allow any substitute systems described in 2 CFR Part 225 (OMB Circular A-87) Attachment B, Section 8h(6). Budget estimates or other predetermined estimates are not allowed.\(^2\)

B. 100% PA Title IV-D Employees

All PA employees who perform only federal IV-D award activities may be considered 100% IV-D child support enforcement employees as long as they do not participate in the resolution or mediation of parenting time and custody activities. All 100% IV-D PA employees must certify their efforts on the monthly Billing Pay Period Worksheet (Ref: Exhibit 2012-012E2); this includes 100% PA offices. To classify a PA office as a 100% Title IV-D child support office, the office must be physically and functionally separate from the county prosecutor’s office, must not participate in the mediation or resolution of parenting time and custody issues, and must be pre-approved in writing by OCS as a 100% IV-D office (PA offices recognized, as of the date of this IV-D Memorandum, as a 100% IV-D office do not need this approval). In addition to the individual certification on the Billing Pay Period Worksheet, all 100% PA Title IV-D employees must be listed and certified on the official Personnel Expense Report (PER) (Ref: Exhibit 2012-012E3).

C. Administrative Staff (FOC only)

“Administrative staff” is defined as employees whose work efforts consist mainly of supervision of child support staff or general office work or support services not easily tracked to individual cases. Examples of administrative staff are receptionists, secretaries, data entry clerks, and some supervisors (including Directors of FOC offices; see Section D below). The determination of whether or not an employee is considered administrative staff is based upon the actual job functions and not the job title. Any employee who has supervisory or support responsibility for staff performing any non-child support activity (for example, parenting time and custody) cannot be considered 100% child support. Distributing the cost of administrative staff employees using a PAR would be impractical. The child support percentage for administrative staff must be calculated using the average child support percentage calculated from all the other non-administrative employees. (If a more accurate calculation is available than the percentage calculated from all the other non-
administrative staff, the contractor must contact his/her OCS contract manager in writing for approval of the method to document the employees’ time.) If an employee performs both administrative and direct casework, the employee must complete a PAR as described in Section A of this IV-D Memorandum. Administrative staff must be listed in the administrative section of the PER.

D. The FOC

The director of the FOC office may also serve as a court administrator. For purposes of this IV-D Memorandum, a court administrator is defined as an employee who performs administrative duties for the court. An employee who splits his/her time between serving as the FOC director and as a court administrator must complete a PAR to separate the FOC work from the court administrator work. This separation of time may not be determined based upon the number of staff supervised or the amount of time assigned/budgeted to each function.

Since the work done in each FOC office includes some non-child support work (for example, work on “L” type cases or parenting time and custody work), it is presumed that an FOC director, as a supervisor of the entire office, cannot be designated as performing 100% child support work. Based upon this presumption, the FOC director should be considered as 100% administrative staff, and the most appropriate method for determining the child support percentage for an FOC director is the method used for administrative staff described in Section C above. However, an FOC director who performs direct casework, such as attending child support hearings and client meetings, and conducting similar case-specific tasks, must document his/her time using a PAR in order to separate the time spent doing general supervision of the office from the time spent on direct casework.

E. Temporary Employees

A temporary employee fills a position temporarily for an employee on extended leave, such as disability, workers’ compensation, family leave, maternity leave, etc. Temporary employees are employed by the provider and receive Internal Revenue Service (IRS) tax forms, W-2 wage statements, and tax statements. These employees must be listed on the PER whether or not they are working on child support activities and are indicated as such with all information completed, including the FTE count and personnel costs. Temporary employees not substituting for permanent employees on leave do not get an FTE count. If a temporary employee performs multiple duties, then (s)he must complete a PAR and follow all the requirements for multiple-activity employees.

A permanent employee on extended leave must also be listed on the PER. However, the position is not counted as an FTE, and the employee’s leave status must be noted on the PER. The personnel costs of the permanent employee on extended leave are handled as follows:
1. If the employee is still being paid through payroll, the provider will include the appropriate costs on the PER (the personnel costs must be reduced by any reimbursement or other funding received to cover those costs). To calculate the employee’s average child support percentage, the provider will use the average child support percentage of the three months prior to the employee’s leave.

2. If the employee is no longer being paid through payroll (for example, the employee is receiving disability or workers’ compensation), then non-payroll costs cannot be included on the PER. However, fringe benefits still paid for the employee may be included on the PER.

In summary, a single position can only be counted once for the FTE count, but the net personnel costs for employees paid through payroll must still be billed.

F. Contract Employees/Temporary Agencies

Contract employees are not employees of the provider and therefore would receive the IRS tax form 1099-MISC – Miscellaneous Income to report non-employee compensation. Staff provided by temporary agencies are also contract employees. The costs of contract employees must be billed and listed on the PER and cannot be included as an Other Direct cost. Contracted personnel are not counted as FTEs. They are included on the PER to appropriately capture the cost. If these costs were included as an Other Direct cost, then the cost would be inappropriately affected by the overall child support FTE percentage. Contract employees or temporary agency employees who perform multiple activities are required to complete a daily PAR and follow all of the multiple-activity documentation requirements.

G. Employees Who Complete a PAR But Are Administrative Staff

The forms and instructions in this IV-D Memorandum are designed to address the general practice. They do not directly address the situation in which an employee must complete a PAR to remove non-child support work and also use the administrative average for his/her child support time (for example, an FOC director who is a court administrator). For those employees who meet these conditions, the contractor must contact his/her OCS contract manager in writing for the appropriate method to document the employees’ time. OCS will respond with a description of what documentation must be maintained and how the time must be reported.

H. FOC Directors or Other Employees Who Share Time Between Multiple Counties

The forms and instructions in this IV-D Memorandum are designed to address the general practice. They do not directly address the situation in which an employee shares time between multiple counties. The usual situation involves an FOC director who works in multiple counties but is paid by one of the counties, and the county that makes the payment bills the other counties. For those employees who meet these
conditions, the contractor must contact his/her OCS contract manager in writing for the appropriate method to document the employees’ time. OCS will respond with a description of what documentation must be maintained and how the time must be reported.

I. Time Documentation Steps

All CRP contract providers must:

1. Have all multiple-activity employees maintain daily PARs;
2. For each employee who completes a PAR, accumulate the daily PAR information on the Billing Pay Period Worksheet and calculate the employee’s total child support time for all pay periods in the monthly billing period;
3. Complete a PER for the monthly billing period, including all of the appropriate signatures;
4. Include all employees within the IV-D office on the PER, complete with their positions, titles and salaries, and whether they perform child support duties or not. PA offices may summarize all staff who are not billed through the CRP contract on one line;
5. Submit the PER along with the DHS-286 with all appropriate signatures to the assigned contract manager; and
6. Retain copies of individual PARs, monthly Billing Pay Period Worksheets, the submitted DHS-286 and the PER for the record retention period required for billing support documentation as specified in the CRP agreement.

In addition: For PA offices, each employee who does 100% child support work must complete a Billing Pay Period Worksheet to certify his/her time.

J. Personnel Expense Report (PER) and Personnel Activity Report (PAR)

The PER (Ref: Exhibit 2012-012E3) is an official form and must not be altered; contract managers will not accept any altered versions of the form. Providers must submit this form monthly along with the DHS-286. The PER must have the signatures of:

1. The county financial officer who attests to the accuracy of the personnel costs; and
2. A supervisor who has firsthand knowledge of the work performed by the employees to certify the time of all employees listed as 100%.

The daily PAR (Ref: Exhibit 2012-012E1), which must be completed for each pay period, has all the OCS required information necessary for completion. The data from the daily PAR must be transferred to the Billing Pay Period Worksheet (Ref:

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3 For purposes of this IV-D Memorandum, a “financial officer” is defined as the official county financial officer authorized to sign the Title IV-D Cooperative Reimbursement Expenditure Reports certifying that the expenditures reported are accurate and allowable for Title IV-D reimbursement.
Exhibit 2012-012E2) to compile the monthly information. (Ref: Exhibit 2012-012E4 for instructions for completing the PER, the PAR, and the Billing Pay Period Worksheet.)

K. Pay Period Basis for Personnel Costs

Personnel costs included on the PER that support the billing generally (other than at year-end) contain the costs from the payrolls that were posted within that month as expenses to the general ledger. The Billing Pay Period Worksheet must cover the same time period as the payrolls that are billed, and therefore must contain information for each pay period being billed.

The following is an example:

12/26/2011 – 01/08/2012  First pay period in January
01/09/2012 – 01/22/2012  Second pay period in January
01/23/2012 – 02/05/2012  First pay period in February
02/06/2012 – 02/19/2012  Second pay period in February

A PAR must be completed for each day of the pay period. In the above example, the Billing Pay Period Worksheet must cover the period of 12/26/2011 to 01/22/2012 for the month of January and 01/23/2009 to 02/19/2012 for the month of February.

If a provider’s payroll cycles every two weeks, then each PER month will include two payroll cycles, except for the two months in every year when there are three payroll cycles.

L. Central Services Cost Plans

The time documentation requirements outlined in Section A of this IV-D Memorandum apply to allocations of time that are used to categorize costs in central services cost plans. Time documentation must be maintained if an individual works on two or more indirect activities that are allocated using different allocation bases, or an unallowable activity and a direct or indirect cost activity.4 Central services cost plans completed after May 21, 2009 must describe the method used to determine the personnel costs assigned to each category and indicate that all of the time documentation requirements have been met.

M. EGrAMS

As of fiscal year (FY) 2011, the PER and DHS-286 are completed in EGrAMS. EGrAMS affects the time documentation steps and requirements identified in this IV-D Memorandum in the following ways:

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4 Ref: items (d) and (e) in Section A of this IV-D Memorandum.
1. Section B. 100% PA Title IV-D Employees: The certification on the PER is done in EGrAMS (Note: No change was made to the requirement that all 100% IV-D PA employees must certify their efforts on the monthly Billing Pay Period Worksheet).

2. Section C. Administrative Staff (FOC only): Administrative staff must be listed in the Administrative Employees section of the Personnel worksheets in EGrAMS.

3. Section D. The FOC: See the comments related to Section G below for FOC staff who complete a PAR but also do general supervision.

4. Section F. Contract Employees/Temporary Agencies: Contract employees must be listed in the Contracted Employees section of the Personnel worksheets in EGrAMS.

5. Section G. Employees Who Complete a PAR But Are Administrative Staff: These employees must be listed in the Non-Admin / Admin Combined section of the Personnel worksheets in EGrAMS.

6. Section I. Time Documentation Steps: 3) As of FY 2011, the PER is completed and signed in EGrAMS; 4) As of FY 2011, the PER is completed in EGrAMS; 5) As of FY 2011, the PER and the DHS-286 are completed and signed in EGrAMS; 6) As of FY 2011, the PER and the DHS-286 are retained in EGrAMS.

7. Section J. Personnel Expense Report (PER) and Personnel Activity Report (PAR): As of FY 2011, the PER and the DHS-286 are completed and signed in EGrAMS.

N. Caseload

Effective for the DHS-286 submitted for the month of April 2012 and thereafter, the IV-D caseload percentage derived from the MiCSES Functional Prototype Queries (FPRO) screen using the FPERCENT report will not be used to calculate the personnel costs. However, FOC staff must continue to run the FPERCENT report and the data must be entered into EGrAMS because the IV-D caseload percentage is necessary to allocate some fees.

NECESSARY ACTION:

Retain this IV-D Memorandum until further notice. With the publication of this IV-D Memorandum, AT 2009-006 and its attachments are obsolete.
REVIEW PARTICIPANTS:

DHS OCS Financial Management
DHS OCS Planning/Evaluation & Administration
Bureau of Accounting - Federal Reporting, Contracts & Recoupment Division - Federal Reporting Section
DHS Office of Monitoring and Internal Controls
Program Leadership Group

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None

SUPPORTING REFERENCES:

Federal

State
None

ATTACHMENTS:

2012-012E1: Personnel Activity Report
2012-012E2: Billing Pay Period Worksheet
2012-012E3: Personnel Expense Report
2012-012E4: Title IV-D Time Documentation Instructions
DHS-286: Title IV-D Cooperative Reimbursement Actual Expenditure Report (Rev. 3-10)

MFS/DN