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STATE OF MICHIGAN
DEPARTMENT OF HUMAN SERVICES
LANSING



MICHIGAN IV-D ACTION TRANSMITTAL 2009-006

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

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

DATE: May 21, 2009

SUBJECT: Time Documentation

PURPOSE:

The purpose of this Action Transmittal (AT) 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. The AT also provides notice and clarification of:

- Time documentation changes related to temporary, contract and administrative employees;
- PA participation in mediation and/or resolution of parenting time and custody issues as unallowable IV-D activities;
- Changes related to eliminating alimony-only and spousal support cases as non-child support work for the purposes of time documentation only;
- A change from a monthly basis to a pay period basis for billing personnel costs;
- A new Personnel Activity Report (PAR) (Ref: Attachment 1);
- A new Billing Pay Period Worksheet (Ref: Attachment 2);
- A new Personnel Expense Report (PER) (Ref: Attachment 3);
- The initiation of a pilot program to have the PER submitted electronically;
- The requirement that all 100% PA Title IV-D employees must certify their time on the Billing Pay Period Worksheet;
- The requirement to provide information on time documentation within county central services cost plans; and
- General information, instructions and examples for completing the PAR, PER, and Billing Pay Period Worksheet.

The regulations, policies and guidelines cited in this AT are mandatory for all parties listed above who receive reimbursement for personnel expenditures that result from

contractual agreements to provide services for the Michigan Title IV-D child support enforcement program.

The content in this AT was last addressed in PA Letter 99-004 and FOC Letter 99-021. This AT replaces and obsoletes those letters.

BACKGROUND:

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.

PROGRAM ACTIONS AND POLICY INFORMATION:

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 PAR 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.¹

A federal award and an unallowable activity will apply to most employees billed to the IV-D program. The table below shows the federal award activities and unallowable activities for FOC, PA, and AG employees.

Employees	Federal Award Activity	Unallowable Activity
FOC	Child support enforcement work; for the purposes of time documentation only, child support work is defined as any MiCSES ² caseload work, including alimony-only or spousal support cases	Non-child support enforcement work, such as parenting time and custody, Work First, non-child support family court functions, court administration, and any other non-enforcement activity

¹ Ref: Office of Management and Budget (OMB) Circular A-87 Attachment B, Section 11h(4) (Revised: 2004). This document is located at: http://www.whitehouse.gov/omb/circulars/a087/a87_2004.html.

² MiCSES stands for "Michigan Child Support Enforcement System."

Employees	Federal Award Activity	Unallowable Activity
PA	Title IV-D paternity establishment, case establishment and felony non-support work	All other work performed, including mediation or resolution of parenting time and custody issues
AG	Child support felony non-support work and other referred IV-D work	All other work performed

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 AT, 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.

The Office of Child Support (OCS) does not allow any substitute systems described in OMB Circular A-87 Attachment B, Section 8h(6). Budget estimates or other predetermined estimates are not allowed.³

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; this includes 100% PA offices. To classify a PA office as a 100% Title IV-D child

³ Ref: Section h(5)(e) of OMB Circular A-87.

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 AT, 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 PER.

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 AT. 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 AT, a court administrator is defined as an employee who performs court administrative duties for the Circuit 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, parenting time and custody), 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 for multiple-activity employees.

G. Employees Who Complete a PAR But Are Administrative Staff

The forms and instructions in this AT 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 AT 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 that county 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 that are not billed through the CRP contract on one line.
5. Submit the PER along with the Title IV-D Cooperative Reimbursement Actual Expenditure Report (DHS-286) (Ref: Attachment 4) 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. Updated and New Forms

There are two forms that have been updated – the PER and the daily PAR. The PER 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 officer⁴ who attests to the accuracy of the personnel costs; and
2. A supervisor who has firsthand knowledge of the work performed by the employee to certify the time of all employees listed as 100%.

The daily PAR, 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 new Billing Pay Period Worksheet to compile the monthly information. (Ref: Attachments 5 through 13 for instructions and examples 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:

12/29/2008 – 01/11/2009	First pay period in January
01/12/2009 – 01/25/2009	Second pay period in January
01/26/2009 – 02/08/2009	First pay period in February
02/09/2009 – 02/22/2009	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 12/29/2008 to 01/25/2009 for the month of January and 01/26/2009 to 02/22/2009 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.

⁴ For purposes of this AT, 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.

L. Central Services Cost Plans

The time documentation requirements outlined in Section A of this AT 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.⁵ Central services cost plans completed after the effective date of this AT 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. Pilot Program

OCS will initiate a pilot program to have the PER submitted electronically. The pilot will be at the request of the OCS contract managers to individual contractors. The contractor's participation in the pilot will be on a voluntary basis. The purpose of the pilot program is to determine the feasibility of the electronic submission of the PER.

LEGAL REFERENCES:

Federal

OMB Circular A-87 Revised (2004)

State

None

POLICY REFERENCES:

None

AT MAINTENANCE:

Retain AT until further notice.
Obsolete FOC Letter 99-021.
Obsolete PA Letter 99-004.

EFFECTIVE DATE:

Pay period documentation is effective the first pay period billed in the month following the issuance of this AT.

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

REVIEW PARTICIPANTS:

Department of Human Services (DHS)
Administration for Budget Analysis & Financial Management (BAFM)
DHS OCS Financial Management
DHS OCS Planning/Evaluation & Administration

⁵ Ref: items (d) and (e) in Section A of this AT.

Bureau of Accounting - Federal Reporting,
Contracts & Recoupment Division - Federal
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None

ATTACHMENTS:

Attachment 1 – Personnel Activity Report

Attachment 2 – Billing Pay Period Worksheet

Attachment 3 – Personnel Expense Report

Attachment 4 – Title IV-D Cooperative
Reimbursement Actual Expenditure Report
(DHS-286) (Rev.10-07)

Attachment 5 – Title IV-D Time Documentation
Instructions and Examples

Attachment 6 – Example A: FOC – Personnel
Activity Report

Attachment 7 – Example B: PA – Personnel
Activity Report

Attachment 8 – Example C: FOC – Billing Pay
Period Worksheet

Attachment 9 – Example D: PA – Billing Pay
Period Worksheet

Attachment 10 – Example E: FOC – Personnel
Expense Report

Attachment 11 – Example F: PA – Personnel
Expense Report

Attachment 12 – Example G: FOC – Title IV-D
Cooperative Reimbursement Actual
Expenditure Report (DHS-286)

Attachment 13 – Example H: PA – Title IV-D
Cooperative Reimbursement Actual
Expenditure Report (DHS-286)

MFS/DN