

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

SUPPLEMENTAL COMPLIANCE REPORT

OF

KOSCIUSKO COUNTY, INDIANA

January 1, 2014 to December 31, 2014



**FILED**  
03/30/2017



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Transmittal Letter .....	3
County Auditor:	
Federal Findings:	
Finding 2014-001 - Schedule of Expenditures of Federal Awards .....	6-8
Finding 2014-003 - Special Tests and Provisions - Separate Accountability for ARRA Funding .....	8-9
Corrective Action Plan .....	10-11
Audit Result and Comment:	
Supporting Documentation .....	12
Exit Conference .....	13
County Prosecutor:	
Federal Finding:	
Finding 2014-002 - Allowable Costs/Cost Principles .....	16-17
Corrective Action Plan .....	18-41
Exit Conference .....	42

## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Marsha A. McSherry Michelle L. Puckett	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Treasurer	Sue Ann Mitchell Rhonda Helser	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Ann M. Torpy	03-19-13 to 12-31-20
County Sheriff	William R. Goshert Aaron Rovenstine	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Deborah A. Wright Joetta Mitchell	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Prosecutor	Daniel H. Hampton	01-01-11 to 12-31-18
President of the Board of County Commissioners	Bradford Jackson Bob Conley Ronald D. Truex Bradford Jackson	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17
President of the County Council	Robert G. Sanders	01-01-14 to 12-31-17



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

TO: THE OFFICIALS OF KOSCIUSKO COUNTY, INDIANA

This report is supplemental to our audit report of Kosciusko County (County), for the period from January 1, 2014 to December 31, 2014. It has been provided as a separate report so that the reader may easily identify any Federal Findings and Audit Results and Comments that pertain to the County. It should be read in conjunction with our Financial Statement and Federal Single Audit Report of the County, which provides our opinions on the County's financial statement and federal program compliance. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

The Federal Findings, identified in the above referenced audit report, are included in this report and should be viewed in conjunction with the Audit Results and Comments as described below.

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Corrective Action Plan for the Federal Findings, incorporated within this report, were not verified for accuracy.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

January 30, 2017

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COUNTY AUDITOR  
KOSCIUSKO COUNTY

COUNTY AUDITOR  
KOSCIUSKO COUNTY  
FEDERAL FINDINGS

**FINDING 2014-001 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The County prepared and submitted the SEFA without effective controls to ensure its accuracy before submission. This resulted in the following errors on the SEFA presented for audit:

1. Not all CFDA Numbers were listed.
2. Not all Program Names were correct.
3. Not all Federal Award Agencies were listed correctly.
4. ARRA - Formula Grants for Rural Areas of \$96,880 was not listed separately.
5. Not all Pass-Through Entities were listed correctly.
6. Not all Pass-Through identifying numbers were listed correctly.
7. State Grants of \$179,272 were included.
8. Community Development Block Grant of \$30,000 was omitted.
9. Highway Planning and Construction Grants of \$124,936 were omitted.
10. Interagency Hazardous Materials Public Sector Training and Planning Grant of \$9,000 was omitted.
11. Hospital Preparedness Program (HHP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements of \$7,595 was omitted.
12. Child Support Enforcement expenditures were overstated by \$12,973.
13. Disaster Grants - Public Assistance (Presidentially Declared Disasters) of \$56,326 were omitted.
14. Emergency Management Performance Grants of \$43,661 were omitted.
15. Homeland Security Grant Program of \$50,000 was omitted.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

COUNTY AUDITOR  
KOSCIUSKO COUNTY  
FEDERAL FINDINGS  
(Continued)

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310. . . ."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.

COUNTY AUDITOR  
KOSCIUSKO COUNTY  
FEDERAL FINDINGS  
(Continued)

- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*Cause*

Management had not established a system of internal control that would ensure proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2014-003 - SPECIAL TESTS AND PROVISIONS -  
SEPARATE ACCOUNTABILITY FOR ARRA FUNDING**

Federal Agency: Department of Transportation

Federal Program: ARRA - Formula Grant for Rural Areas

CFDA Number: 20.509

Federal Award Number and Year (or Other Identifying Number): A249-14-320486

Pass-Through Entity: Indiana Department of Transportation

*Condition*

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Separate Accountability for ARRA Funding compliance requirement.

*Context*

No control procedures had been established to ensure ARRA - Formula Grants for Rural Areas were maintained by separate records from Formula Grants for Rural Areas. The County combined the federal program records of Formula Grants for Rural Areas and ARRA - Formula Grants for Rural Areas into the Public Mass Trans 18025040 FED fund.

COUNTY AUDITOR  
KOSCIUSKO COUNTY  
FEDERAL FINDINGS  
(Continued)

*Criteria*

2 CFR 176.210(a) states in part:

"To maximize the transparency and accountability of funds authorized under the American Recovery and Reinvestment Act of 2009 (Pub. L. 111-5) (Recovery Act) as required by Congress and in accordance with 2 CFR 215.21 'Uniform Administrative Requirements for Grants and Agreements' and OMB Circular A-102 Common Rules provisions, recipients agree to maintain records that identify adequately the source and application of Recovery Act funds. . . ."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish and effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

We also recommended that the County comply with the Special Tests and Provisions - Separate Accountability for ARRA Funding requirements of the program.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



*Michelle L. Puckett*  
Kosciusko County Auditor

CORRECTIVE ACTION PLAN

**FINDING 2014-001**

Contact Person Responsible for Corrective Action: **Michelle Puckett, Kosciusko County Auditor**  
Contact Phone Number: **574-372-2328**

We concur with the findings.

Description of Corrective Action Plan:

In reviewing our current SEFA Process and SEFA Internal Controls, it has been made clear that due to turnover in the Grant Deputy position that misstatements of the SEFA went undetected. We have had yet additional turnover in the Grant Deputy position, but I am confident that all issues with the SEFA have been addressed. We are reviewing our current internal controls process and will revise it inserting additional segregation of duties to ensure that any misstatements in the SEFA are detected.

Anticipated Completion Date: October 2017

*Michelle L. Puckett*  
\_\_\_\_\_  
Michelle Puckett

*Auditor*  
\_\_\_\_\_  
(Title)

*1-20-17*  
\_\_\_\_\_  
(Date)



*Michelle L. Puckett*  
Kosciusko County Auditor

CORRECTIVE ACTION PLAN

**FINDING 2014-003**

Contact Person Responsible for Corrective Action: **Michelle Puckett, Kosciusko County Auditor**  
Contact Phone Number: **574-372-2328**

We concur with the finding

Description of Corrective Action Plan:

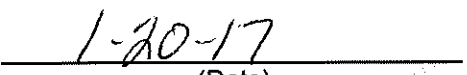
In the future, ARRA-Formula Grant for Rural Areas will not be combined into the same fund as other Formula Grants for Rural Areas. The ARRA funds will be maintained in a separate fund. This correction will be implemented on January 20, 2017.

The Auditor will continue to review and address any areas of concern in the internal control process including but not limited to the segregation of duties.

Anticipated Completion Date: January 20, 2017

  
Michelle Puckett

  
(Title)

  
(Date)

COUNTY AUDITOR  
KOSCIUSKO COUNTY  
AUDIT RESULT AND COMMENT

**SUPPORTING DOCUMENTATION**

The following disbursements did not include supporting documentation to support the purchase.

<u>Date</u>	<u>Amount</u>	<u>Payee</u>	<u>Description of Purchase (if any)</u>
2014	\$ 13	Corporate Payment Systems	Parking Pass
2014	25	Lemon W. Douglas	Judge Protem Diem
2014	37	Bauer Law Office, PC	Pauper Council
2014	193	Corporate Payment Systems	Sniper School; Mileage/Fuel and Travel
2014	2,038	Corporate Payment Systems	Gas-Motor Oil
2014	20	Corporate Payment Systems	Operating Supplies/Reserve
2014	59	Corporate Payment Systems	Emergency Supplies
2014	<u>28</u>	Corporate Payment Systems	Community Policing Assistance
Total	<u>\$ 2,413</u>		

Due to the lack of supporting information, the purpose of the disbursements could not be verified.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 1)

COUNTY AUDITOR  
KOSCIUSKO COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2017, with Michelle L. Puckett, County Auditor; Bradford Jackson, President of Board of County Commissioners; and Robert G. Sanders, President of the County Council.

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COUNTY PROSECUTOR  
KOSCIUSKO COUNTY

COUNTY PROSECUTOR  
KOSCIUSKO COUNTY

***FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year (or Other Identifying Number): Year 2014  
Pass-Through Entity: Indiana Department of Child Services

*Condition*

Management of the Prosecuting Attorney's office had not established an effective internal control system over requirements relating to Allowable Costs/Cost Principles.

*Context*

There were no periodic certifications completed for full-time employees during the audit period. The Prosecuting Attorney's office was not aware of any report required for full-time employees by the state agency that would have fulfilled the compliance requirement.

*Criteria*

OMB Circular A-87, Attachment B, item 8h(3), states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

COUNTY PROSECUTOR  
KOSCIUSKO COUNTY  
(Continued)

*Cause*

Management had not developed a system of internal controls that ensured Allowable Costs/Cost Principles requirements were met.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the Allowable Costs/Cost Principles requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the County.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the Prosecuting Attorney's office establish controls pertaining to Allowable Costs/Cost Principles to ensure that all requirements are complied with in the future.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.



*Michelle L. Puckett*  
Kosciusko County Auditor

CORRECTIVE ACTION PLAN

**FINDING 2014-001**

Contact Person Responsible for Corrective Action: **Michelle Puckett, Kosciusko County Auditor**  
Contact Phone Number: **574-372-2328**

We concur with the findings.

Description of Corrective Action Plan:

In reviewing our current SEFA Process and SEFA Internal Controls, it has been made clear that due to turnover in the Grant Deputy position that misstatements of the SEFA went undetected. We have had yet additional turnover in the Grant Deputy position, but I am confident that all issues with the SEFA have been addressed. We are reviewing our current internal controls process and will revise it inserting additional segregation of duties to ensure that any misstatements in the SEFA are detected.

Anticipated Completion Date: October 2017

*Michelle L. Puckett*  
\_\_\_\_\_  
Michelle Puckett

*Auditor*  
\_\_\_\_\_  
(Title)

*1-20-17*  
\_\_\_\_\_  
(Date)

# Office of the Prosecuting Attorney

54th Indiana Judicial Circuit  
Kosciusko County Indiana

**Daniel H. Hampton**  
Prosecuting Attorney



## Criminal Division

121 North Lake Street  
Warsaw, Indiana 46580  
t: (574) 372-2419  
f: (574) 372-2470  
e: prosatty@kcgov.com

January 30, 2016

Exit Interview regarding recent Findings and Recommendations by the State Board of Accounts Examiner

Response of the Kosciusko County Prosecuting Attorneys Office (KCPAO) to the Findings identified in the SBA Finding 2014-002.

1. Allegation that the office was unaware of the requirement.

The KCPAO is aware of 45 CFR 75.430(I) which is the federal regulation underlying this issue. It is also aware of the OMB. The knowledge was in the Title IV-D Deputy Prosecuting Attorney.

2. The State of Indiana has had a long history of problems in providing guidance on this issue, as reflected in the described attachments and identified as Exhibits.
  - a. Exhibit A- email from Cynthia Longest about draft guidance dated October 25, 2013.
  - b. Exhibit B- email from the CSB Centralized Training Unit (CTU) dated 2/13/14 indicating the guidance is not ready.
  - c. Exhibit C- an email from CSB employee Adam Norman dated April 15, 2016 establishing that the guidance previously provided has been confusing and again proposing draft policies.
  - d. The KCPAO does not believe that the State of Indiana has supplied clear and concise directions on this issue. KCPAO has structured and implemented a set of controls to satisfy the regulation.
3. The KCPAO believes it has a robust system of controls and oversight in place that complies with the regulation.
  - a. Segregation of the Office:

The KCPAO has long been segregated into discrete units of a Criminal Division and a Title IV-D Division. Each division has their own staff. Starting in 2016, the Title IV-D staff is also geographically segregated.
  - b. Budgets:

The KCPAO has a control in place through segregation of the costs of each of its divisions into separate budgets. All Title IV-D payroll is in line items assigned solely for IV-D.
  - c. Job Descriptions:

The County maintains job descriptions that clearly establish that the Title IV-D staff will be performing Title IV-D functions.

d. **Oversight:**

The day- to-day supervision of Title IV-D area in by the IV-D DPA. This includes approval of vacation, personal days and any other matter that affects periodic payroll.

e. **Payroll:**

Beginning in 2013, the KCPAO enhanced its controls over payroll. In addition to the individual employees certifying their hours as accurate, an extra control was added which requires the IV-D DPA to review and certify the accuracy of the bi-weekly payroll numbers to the County Auditor for payroll. Since 2014, the County has added an even more robust 'time-clock' system to account for the time keeping of Kosciusko County employees which further enhances the time-keeping elements of our payroll system,

4. **Corrective Action.**

Regardless of whether the SBA Auditors determine the controls in place are sufficient, the KCPAO will continue the current system of safeguards and controls. Also, the KCPAO will begin using the certification supplied by the State. Current certifications are attached. Also, the KCPAO will incorporate any procedure recommendations by the SBA.



exhibit A

Rob Bishop &lt;rbishop@kcgov.com&gt;

---

## Transfer Agreement and Personal Services Guidance Drafts

2 messages

---

**Longest, Cynthia E** <Cynthia.Longest@dcs.in.gov>

Fri, Oct 25, 2013 at 8:02 PM

To: "Mantia, Karla A." &lt;KMantia@ipac.in.gov&gt;, "Bishop, Robert J." &lt;rbishop@kcgov.com&gt;

Cc: "Boggs, Peggy C" &lt;Peggy.Boggs@dcs.in.gov&gt;

K and Rob,

I have attached the draft Incentive Transfer form that I gave out at the Auditor Conference on Wednesday. We got some feedback from them at the conference, but none of those suggestions have been incorporated yet. I also gave to the incoming President of the Clerks Association yesterday, and asked for comments from them. Let me know what you think. We believe this will end up needing to be an official State Form, so the ICPR will have the final say on wording, format, etc.

The other attachment is our draft Personal Services Guidance document – this is the one that addresses some of the SBOA findings regarding semi-annual Certification documents, keeping documentation for staff that only work part-time on IV-D, etc. We are looking for feedback (regarding clarity of the wording – this is a very complicated subject!). It won't be released "cold"; in addition to this document we will have webinar training/discussion sessions with a powerpoint, but this is the "official" guidance document. I have given this out to the heads of the Auditor and Clerk Associations this week as well, and are asking for feedback by Nov 15, so we can get it finalized and schedule the webinars.

Thanks much!

-C

*Cynthia Longest*

Deputy Director

Indiana Dept. of Child Services

Child Support Bureau

317-233-4482


*The information in this email, and any attachments, may contain confidential information and is intended solely for the attention and use of the named addressee(s). It must not be disclosed to any person(s) without authorization. If you are not the intended recipient, or a person responsible for delivering it to the intended recipient, you are not authorized to, and must not, disclose, copy, distribute, or retain this message or any part of it. If you have received this communication in error, please notify the sender immediately.*

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### 3 attachments

**FINAL Incentives Fund Transfer Agreement DRAFT for Auditor Conference discussion 10-18-13.doc**

47K

 **Introduction Message Personal Services Guidance 090313.docx**  
18K

 **Guidance Draft - Documentation for Personal Services' Salaries and Wages....docx**  
36K

---

**Rob Bishop** <rbishop@kcgov.com>  
To: amburgher@ipac.in.gov


Mon, Oct 28, 2013 at 10:55 AM


Robert J. Bishop  
Deputy Prosecuting Attorney  
Kosciusko County Prosecutor's Office  
121 N. Lake Street  
Warsaw, IN 46580  
[Quoted text hidden]

---

**3 attachments**

 **FINAL Incentives Fund Transfer Agreement DRAFT for Auditor Conference discussion 10-18-13.doc**  
47K

 **Introduction Message Personal Services Guidance 090313.docx**  
18K

 **Guidance Draft - Documentation for Personal Services' Salaries and Wages....docx**  
36K

Ex B

**From:** ISETS\_CTU  
**Sent:** Thursday, February 13, 2014 9:05 AM  
**To:** #ISETS County Prosecutor Offices; #ISETS County Clerk Offices; charvey@co.adams.in.us; ceverett@co.adams.in.us; kris.myers@co.allen.in.us; bmijares@bartholomewco.com; bentonchildsup@sbcglobal.net; lschein@co.boone.in.us; Dorsett, Danetta J.; Sheets, Debra L.; crkinder@att.net; Martin, Amy A.; troberts@clintonco.com; ivdadministrator@crawfordcountyin.com; rechel.davers@daviess.org; bmessmore@dearborncounty.in.gov; childsupport4d@decaturcounty.in.gov; Craig, Linda S.; lcraycraft@co.delaware.in.us; dubois@fullnet.com; Pam Benedix; prosecutor@co.fayette.in.us; mjloop@floydcounty.in.gov; baskren@fountainco.net; martinpa@fountainco.net; childsupport@franklincounty.in.gov; paticalvert@hotmail.com; Graper, April A.; rogers1law@aol.com; Owsley, Cheryl; Stephanie.diehl@greene.in.us; Karen.pearson@hamiltoncounty.in.gov; kristy.smith@hamiltoncounty.in.gov; Poppino, Michelle L; fischer@harrisonsuperior.com; marcher@co.hendricks.in.us; mary.jane.hayes@co.henry.in.us; paige.kaufman@co.howard.in.us; Schenkel, Kari; tbrewer@jcprosecutor.us; dfrey@JCProsecutor.us; kimberly.hitchcock@co.jasper.in.us; csouthworth@co.jay.in.us; DebbieL@jeffersoncounty.in.gov; GABrooks@jcpros.org; llampert@co.johnson.in.us; mlykins@co.johnson.in.us; Feagans, Joyce E.; adarlington@kcgov.com; Yoder, Wendy S.; dawnr@lakepros.org; robertn@lakepros.org; traciet@laportecounty.org; jbrown@lawrencecounty.in.gov; mash@madisoncounty.in.gov; amy.kendall@indy.gov; sueb@co.marshall.in.us; charder@martincountyin.gov; jcorwin@miamicountyin.gov; cpope@co.monroe.in.us; angela.swazay@montgomeryco.net; Pryor, Tammi J.; ngemmill@nclaw.org; bmessmore@dearborncounty.in.gov; ocpa59@hotmail.com; cheri.zimmerman@owencounty.in.gov; Mckinney, Deborah A.; childsupport@psci.net; conniegrable@yahoo.com; Maria L. Overschmidt; Barb.VanZant@poseycountygov.org; smrak@pulaskiprosecutor.com; office@pulaskiprosecutor.com; bethross1968@yahoo.com; donna.halcomb@randolphin.net; abrunner@ripleycounty.com; Miller, Stacy A.; emckinney@stjoepros.org; jburch@stjoepros.org; sara.goode@iglou.com; mbarga@co.shelby.in.us; csspencerco@sbcglobal.net; ISETS, Starke Prosecutor's Office; jkinsey@co.steuben.in.us; barbadams@sullivancountyprosecutor.com; deputyprosecutor@switzerlandcountycourthouse.org; Morton, Keisha; Clemons, Mary; tcinvestigator@tiptoncounty.in.gov; ucchildsupport@verizon.net; Newman, Regene; Greenwell, Genene P.; Silver, Holly A.; Tiffany, Debra; terri@larsonlawoffice.net; jkrantz@warrickprosecutor.org; ptrulock1@warrickprosecutor.org; Moore, Janet; slane@co.wayne.in.us; ivd@wellscounty.org; steeleailen@yahoo.com; patty@whitcopros.org; bborne@co.adams.in.us; kstuckey@co.adams.in.us; Tera.Klutz@co.allen.in.us; jackie.scheuman@allencounty.us; sbeatty@bartholomewco.com; Schluttenhofer, Joan; afreeland@bentoncounty.in.gov;

smeadows@blackfordcounty.com; jconfer@blackfordcounty.com;  
jstogsdill@co.boone.in.us; dpolgar@co.boone.in.us; stogsdill@browncounty-  
in.us; donna.lutes@att.net; Dorsett, Danetta J.; Myers, Beth L.;  
vaneen.ide@co.cass.in.us; michelle.crain@co.cass.in.us;  
msnelling@co.clark.in.us; asparkman@co.clark.in.us;  
Maryjo@claycountyin.gov; stallcope@claycountyin.gov;  
chamilton@clintonco.com; deputyauditor1@crawfordcountyin.com;  
auditor@daviess.org; maury.lemon@daviess.org;  
gpennington@dearborncounty.in.gov; lbailey@dearborncounty.in.gov; Clark,  
Bridgett C.; jzapfe@decaturcounty.in.gov; jfettters@co.dekalb.in.us;  
jsmith@co.dekalb.in.us; jrust@co.delaware.in.us;  
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**Cc:** #ISETS Help Desk; #ISETS Communications and Training Unit; #ISETS Field Consultants; #ISETS Business Consultants; CSB Supervisors; DCS CSB Program Support

**Subject:** Personal Services Guidance Update

County IV-D Offices,

In recent months, the Child Support Bureau has been promoting upcoming guidance which would provide clarification of the documentation requirements for support of wages and benefits claimed for IV-D reimbursement. The guidance being developed was drafted from the requirements within the Code of Federal Regulations (CFR). These requirements were originally from OMB Circular A-87 which had been incorporated into 2 C.F.R. § 225.

On December 26, 2013, the Federal Office of Management and Budget released changes to this section of the C.F.R. Instead of multiple sections covering multiple institutions (State Governments, Hospitals, Institutions of Higher Education, etc.), the Administrative Requirements, Cost Principles and Audit Requirements were incorporated into a single section of the C.F.R. at 2 C.F.R. § 200. Due to these revisions, CSB will be thoroughly reviewing the guidance that was previously developed as well as the IV-D Administrative Claiming Guide for any changes that are necessary based on the updated federal regulations.

We apologize for this delay, and do expect to have the guidance during the first half of 2014. In the meantime, we encourage your office to review the specific requirements for cost principles located at 2 C.F.R. § 200.400 through § 200.475 and ensure your IV-D Office is meeting federal cost principles. The C.F.R. is accessible online at [www.ecfr.gov](http://www.ecfr.gov).

Thank you.

**Communications & Training Unit (CTU)**

Indiana Department of Child Services / Child Support Bureau

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*Protecting our children.  
Families and future*

# County Prosecutor's/IV-D ( ) Semi-Annual IV-D Time and Effort Ce Individual Staff

Address:  
City/State:

Employee Number:  
Job Title:

Employee Name: \_\_\_\_\_  
Calendar Year: \_\_\_\_\_

COUNTY: **WASHINGTON** COI

I, \_\_\_\_\_, certify that :  
(Employee Printed Full Name)

**January 1, 2013** to **June 30**  
(Beginning Date ex. Month/Date/Year) (Ending Date ex. M

\_\_\_\_\_ Title IV-D \_\_\_\_\_ duties and re  
(Federal Funding Source)

\_\_\_\_\_  
Employee Signature

Court's  
rtification

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COUNTY OFFICE: PROSECUTOR

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100% of my work time from

was spent on  
(Month/Date/Year)

responsibilities.

Date

*ERC*

Rob Bishop &lt;rbishop@kcgov.com&gt;

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**FW: CSB Draft Guidance for Personnel Expenditures Documentation**

2 messages

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**Mantia, Karla A.** <KMantia@ipac.in.gov>  
To: "Bishop, Robert J." <rbishop@kcgov.com>

Thu, Jan 12, 2017 at 10:33 AM

Hi Rob- I just found this. It is from April. I believe it was issued without a change to the bit about certifications. It looks like if you have other ways of documenting 100% dedication to IV-D you should not have to use the certification form. It is clearly a "suggested" not mandatory form in CSB's eyes. Do you agree with that analysis? I will try to locate the final issued directive. k

Karla Mantia

Indiana Prosecuting Attorneys Council

302 West Washington Street

Room E205

Indianapolis, Indiana 46204

(317) 232-1836

(317) 233-3599 (fax)

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**From:** Norman, Adam B  
**Sent:** Friday, April 15, 2016 11:00 AM  
**To:** Mantia, Karla A.; Ethan McKinney  
**Subject:** CSB Draft Guidance for Personnel Expenditures Documentation

Karla and Ethan –

After the pilot process of the CSB Financial Quality Assurance Reviews were completed, we discovered some common areas of misunderstanding or lack of guidance given by CSB relating to IV-D claiming and expenditures. One such area is in personnel services documentation. Thus, we created guidance in this area to assist counties, and claims vendors, in their documentation of personnel services. The draft of this guidance is attached to this email.

This guidance document has also been sent to the Clerk's Association and Auditor's Association for comment as well. Additionally, this guidance document has been reviewed and approved by Cynthia.

We are sending this webmail in two weeks to all county auditors, clerks, IV-D courts and prosecutors.

If you have any comments, please send them to me no later than **Friday, April 29, 2016**.

Thanks,

**Adam Norman**

Assistant Deputy Director, Financial Quality Assurance

Department of Child Services

Child Support Bureau

Office: (317) 232-0642

Cell: (317) 504-0413

[Adam.Norman@dcs.IN.gov](mailto:Adam.Norman@dcs.IN.gov)

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 **Guidance for Personnel Expenditures Documentation.docx**  
18K

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**Rob Bishop** <[rbishop@kcgov.com](mailto:rbishop@kcgov.com)>  
To: "Mantia, Karla A." <[KMantia@ipac.in.gov](mailto:KMantia@ipac.in.gov)>

Thu, Jan 12, 2017 at 10:35 AM

I sign the payroll every two weeks, we are going to confirm that I did and then submit that as an alternative form of proof.

Rob

Robert J. Bishop  
Deputy Prosecuting Attorney  
Kosciusko County Prosecutor's Office  
121 N. Lake Street  
Warsaw, IN 46580

[Quoted text hidden]

Documentation Standards from Code of Federal Regulations

**45 C.F.R. §75.430(i) Standards for Documentation of Personnel Expenses**

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity; and
- (vi) [Reserved]
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- (viii) Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federal awards, but may be used for interim accounting purposes, provided that:
  - (A) The system for establishing the estimates produces reasonable approximations of the activity actually performed;
  - (B) Significant changes in the corresponding work activity (as defined by the non-Federal entity's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and
  - (C) The non-Federal entity's system of internal controls includes processes to review after-the-fact interim charges made to a Federal awards based on budget estimates. All necessary adjustment must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

(2) For records which meet the standards required in paragraph (i)(1) of this section, the non-Federal entity will not be required to provide additional support or documentation for the work performed, other than that referenced in paragraph (i)(3) of this section.

(3) In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 C.F.R. Part 516), charges for the salaries and wages of nonexempt employees, in addition to the supporting documentation described in this section, must also be supported by records indicating the total number of hours worked each day.

(4) Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

(5) For states, local governments and Indian tribes, substitute processes or systems for allocating salaries and wages to Federal awards may be used in place of or in addition to the records described in paragraph (1) if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, "rolling" time studies, case counts, or other quantifiable measures of work performed.

Updated 6/16/15

(i) Substitute systems which use sampling methods (primarily for Temporary Assistance for Needy Families (TANF), the Supplemental Nutrition Assistance Program (SNAP), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:

(A) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in paragraph (i)(5)(iii) of this section;

(B) The entire time period involved must be covered by the sample; and

(C) The results must be statistically valid and applied to the period being sampled.

(ii) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.

(iii) Less than full compliance with the statistical sampling standards noted in subsection (5)(i) may be accepted by the cognizant agency for indirect costs if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the non-Federal entity will result in lower costs to Federal awards than a system which complies with the standards.

(6) Cognizant agencies for indirect costs are encouraged to approve alternative proposals based on outcomes and milestones for program performance where these are clearly documented. Where approved by the Federal cognizant agency for indirect costs, these plans are acceptable as an alternative to the requirements of paragraph (i)(1) of this section.

(7) For Federal awards of similar purpose activity or instances of approved blended funding, a non-Federal entity may submit performance plans that incorporate funds from multiple Federal awards and account for their combined use based on performance-oriented metrics, provided that such plans are approved in advance by all involved Federal awarding agencies. In these instances, the non-Federal entity must submit a request for waiver of the requirements based on documentation that describes the method of charging costs, relates the charging of costs to the specific activity that is applicable to all fund sources, and is based on quantifiable measures of the activity in relation to time charged.

(8) For a non-Federal entity where the records do not meet the standards described in this section, the Federal government may require personnel activity reports, including prescribed certifications, or equivalent documentation that support the records as required in this section.

## Guidance for Personnel Expenditures Documentation

This communication is a clarification to all Title IV-D sub-recipients regarding the necessary supporting documentation for personnel expenditures claimed for Title IV-D monthly expenditure reimbursements or reported as quarterly incentive expenditures. These guidelines are applicable to payroll and benefits costs encompassing all salary and benefits paid to employees performing IV-D duties. Benefits would include all employer paid portions of medical insurance, FICA and unemployment taxes and any other fringe benefit provided to the employee as part of the county or office policy.

During 2012, Indiana's Department of Child Services' Child Support Bureau (CSB) was subject to a Federal Limited Cost Audit. The federal auditor noted some county claims where part-time hours for an employee were consistently the same every pay period. The federal auditor indicated such consistency could be a red flag. It was recommended we ensure counties understand the documentation maintained must support the hours and pay which are claimed for federal reimbursement. The federal auditor also stressed this would likely be an area of review in future audits. In addition, there have been recent findings from SBOA indicating supporting documentation was not sufficient for claimed payroll expenditures.

The following is a summary of federal requirements:

1. Employees working 100% on IV-D activity – A method of internal control should be present and documented to ensure the employee's duties are 100% related to IV-D activity. If an office is not maintaining documentation supporting the employee's efforts, CSB recommends the employee or supervisor complete a semi-annual certification confirming 100% of the employee's time was spent on IV-D activity.
  - a. What are internal controls? Per the definition at 2 C.F.R. §200.61: *Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) Effectiveness and efficiency of operations; (b) Reliability of reporting for internal and external use; and (c) Compliance with applicable laws and regulations.
2. Employees sharing time between IV-D activity and non-IV-D activity – A method of internal control should be present to ensure accurate documentation is kept supporting the time charged to the IV-D program. This could include signed reports identifying the individual's daily time spent working on IV-D activity as well as complete time sheets which, together with the report of IV-D activity, would document 100% of the employee's time. If detailed time records are not kept, a documented valid statistical or sampling method must be in place to support how an employee's time was charged to the IV-D program. If the sampling method used does not provide assurance that time charged to IV-D is accurate, activity reports may be required.
  - a. The amount individuals are paid from IV-D funds should correlate to the documented effort of each employee to the IV-D program. If documentation supports an individual spent 55% of time on IV-D, 55% of his/her salary would be allowable for federal reimbursement.
3. Allocating salary based on budget estimates is not a sufficient method to determine the amounts to be charged to the IV-D program. If budget estimates are used, processes should be in place to review estimates after-the-fact and make necessary adjustments to ensure the Federal award is charged properly.

The above requirements are based on rules from the Code of Federal Regulations located at 45 C.F.R. §75.430(i). A copy of this section of the C.F.R. is provided at the end of this guidance document. The documents supporting cost allocation are in addition to normal payroll documentation (such as approved time-sheets and payroll records) which must be maintained for personnel expenditures.

To summarize how the requirements of the above regulations impact each county office:

### **CLERKS**

In a Clerk's Office, child support duties involve both IV-D and non-IV-D tasks. A reasonable method to determine percentage of IV-D effort for Clerk's staff only performing child support duties is to utilize the ISETS IV-D caseload count report. Employees who spend 100% of their time performing child support tasks would have their salaries allocated to IV-D based on the IV-D caseload percentage. If an employee works on child support and other tasks (e.g. elections), documentation must be maintained to ensure none of the non-child support time is charged to the IV-D program.

- For employees working 100% on child support duties, internal controls should ensure the individual's duties are 100% related to child support. Documentation must be maintained in support of the 100% effort towards child support. If no method is in place, CSB recommends utilizing a semi-annual certification signed by the employee or his/her direct supervisor in support of 100% effort to child support.
- For employees sharing time between child support and other duties (e.g. elections), internal controls should ensure documentation is maintained supporting the allocation of effort between child support and other duties
  - The shared individual's child support time would be allocated to IV-D/non-IV-D based on the IV-D caseload percentage
  - Supporting documentation allocating time between child support and non-child support duties could include personnel activity reports or a reasonable, valid and documented sampling method
- The IV-D caseload count report can be used each month to determine a percentage of effort for child support employees
  - From most recent ISETS caseload report: [IV-D Case Count divided by Total Case Count]
- All supporting documentation must be maintained, including county required payroll records, approved time sheets, personnel activity reports and statistical calculations (10 year retention per Indiana General Records Retention and Disposition Schedule)
- CSB does not recommend using budget estimates. If estimates are used to allocate payroll costs to the IV-D program a system of review and reconciliation is required to ensure the Federal award is properly charged
  - Reconciliation must meet requirements of 45 C.F.R. §75.430(i)(1)(viii)

### **PROSECUTORS**

- For employees working 100% on IV-D activity, internal controls should ensure the individual's duties are 100% related to IV-D. Documentation must be maintained in support of the 100% effort towards IV-D. If no method is in place, CSB recommends utilizing a semi-annual certification signed by the employee or his/her direct supervisor in support of 100% effort towards the IV-D Program.
- For employees sharing time between IV-D and non-IV-D (e.g. criminal duties), internal controls should ensure documentation is maintained supporting the allocation of effort between IV-D and non-IV-D duties
  - Supporting documentation allocating time between IV-D and non-IV-D duties could include personnel activity reports or a reasonable, valid and documented sampling method

Updated 6/16/15

- All supporting documentation must be maintained, including county required payroll records, approved time sheets, personnel activity reports and statistical calculations (10 year retention per Indiana General Records Retention and Disposition Schedule)
- CSB does not recommend using budget estimates, but if estimates are used to allocate payroll costs to the IV-D program, a system of review and reconciliation is required to ensure the Federal award is properly charged
  - Reconciliation must meet requirements of 45 C.F.R. §75.430(i)(1)(viii)

## COURTS

- For employees working 100% on IV-D activity, internal controls should ensure the individual's duties are 100% related to IV-D. Documentation must be maintained in support of the 100% effort towards IV-D. If no method is in place, CSB recommends utilizing a semi-annual certification signed by the employee or his/her direct supervisor in support of 100% effort towards the IV-D Program.
- For employees sharing time between IV-D and non-IV-D, internal controls should ensure documentation is maintained supporting the allocation of effort between IV-D and non-IV-D duties
  - Some IV-D Courts handle IV-D cases 100% of the time, other IV-D Courts handle IV-D cases only certain days or certain hours. In instances where Court employees are performing IV-D activity for only a portion of their work hours, documentation allocating time between IV-D and non-IV-D duties could include personnel activity reports or a reasonable, valid and documented sampling method
- All supporting documentation must be maintained, including county required payroll records, approved time sheets, personnel activity reports and statistical calculations (10 year retention per Indiana General Records Retention and Disposition Schedule)
- CSB does not recommend using budget estimates, but if estimates are used to allocate payroll costs to the IV-D program, a system of review and reconciliation is required to ensure the Federal award is properly charged
  - Reconciliation must meet requirements of 45 C.F.R. §75.430(i)(1)(viii)

If your office has any questions, please contact DCS Accounting Operations for assistance at [DcsAOInquiries@dcs.in.gov](mailto:DcsAOInquiries@dcs.in.gov).

## Personal Services Guidance – Introduction Message

During 2012, Indiana's Department of Child Services' Child Support Bureau (DCS-CSB) was subject to a Federal Limited Cost Audit. The federal auditor noted issues on a few of the county claims where part-time hours for an employee were consistently the same number every pay period. The federal auditor indicated such consistency could be a red flag. It was recommended we ensure counties understand the backup documentation maintained must support the hours and pay which are claimed for federal reimbursement. The federal auditor also stressed this would likely be an area of review in future audits. As a result of this audit, DCS-CSB reviewed the federal regulations and created the attached Personal Services Guidance for the county offices. These guidelines, which are applicable to the salary and benefits paid to employees performing IV-D duties, will ensure that all offices are aware of the backup documentation needed to support payroll costs which are claimed for federal reimbursement or paid for with federal incentive funds.

To summarize the information contained in the attached guidance,

- 1) For employees spending 100% of their time on IV-D activity, a semi-annual signed certification is required confirming the efforts of the employee are entirely towards the IV-D program.
- 2) For employees spending time on IV-D activity and non IV-D activity, there must be a Personnel Activity Report (PAR) completed at least monthly, coinciding with the covered pay periods which documents both IV-D activity and non IV-D activity. The exception to this requirement is if a valid sampling/statistical method is used to allocate an employee's time between IV-D and non IV-D.
- 3) Budget estimates made prior to services being performed do not qualify as sufficient documentation for cost allocation. If estimates are used, a quarterly review and appropriate reconciliation of charges to the IV-D program is required.

If your office currently utilizes a vendor for reporting, your office must review these requirements with the vendor to ensure the documentation maintained meets federal standards. Also, if any sampling/statistical methods are used to allocate costs, the methods must be reasonable, documented and maintained with the payroll records.

DCS-CSB will be hosting webinars to review the attached guidelines and to address any questions your office may have regarding these requirements. It is recommended that the following individuals attend one of the webinars. Staff who: complete payroll expenditure reports, maintain back up documentation, or handle the payroll process for your office. Please see the attached schedule to determine which webinar you would like to attend.

In addition, DCS-CSB has created a form that may be used for the Semi-Annual Certification as well as a two-week Personnel Activity Report (PAR) which can be utilized to document the hours of employees with both IV-D and non IV-D duties. The report was created in two-week intervals in order to correspond with the majority of county payroll periods. DCS-CSB will also be offering guidance on utilizing statistical methods to allocate costs for employees that perform both IV-D and non IV-D duties.

If your county office is already meeting the standards of the federal requirements, there is no requirement to use the newly provided forms or alter any current reporting/documentation methods.

Attachments: Documentation for Personal Services' Salaries and Wages  
Webinar Schedule

## Documentation for Personal Services' Salaries and Wages

This communication is a clarification to all Title IV-D sub-recipients regarding the necessary supporting documentation for personal services costs claimed for Title IV-D monthly expenditure reimbursements or reported as quarterly incentive expenditures. These guidelines are applicable to directly paid payroll and benefits costs (the salary and benefits paid to employees performing IV-D duties).

The following is a summary of rules depending if an individual is working 100% IV-D or has split duties:

1. Employees working 100% on IV-D activity are required to have a semi-annual certification for the period covered confirming all of their efforts are toward the IV-D program. The certification must be signed by the employee or a supervisor having firsthand knowledge of the work performed by the employee.
2. Any IV-D employee that has time charged to multiple activities (IV-D and non IV-D) must complete a Personnel Activity Report (PAR) which reflects 100% of their time allocated to each activity. The PAR must be prepared at least monthly, correspond to the respective pay periods, and be signed by the employee.
3. A PAR is not required if a valid statistical method is used to allocate an employee's time between IV-D and non IV-D activity. Examples are provided in section 3 below.
4. In addition, allocating salary based on budget estimates is not a sufficient method to determine the amounts to be charged to the IV-D program. Quarterly review and reconciliation is required when estimates are used in expenditure claims.

These requirements for allocation of time are in addition to normal payroll documentation and approved timesheets which must be maintained to support personal services costs.

### **1. Employees working 100% on IV-D (or 100% Child Support if allocated by caseload)**

This documentation method would be used by most Prosecutor IV-D staff that typically perform only IV-D duties. This method is also allowable for a 100% Child Support employee in a Clerk's Office because the IV-D/Non IV-D allocation is determined by a valid statistical method (i.e. ISETS caseload report). The certification provides the employee spends 100% of their time on IV-D duties in the Prosecutor's Office or 100% of time with Child Support duties in a Clerk's Office which is then allocated to IV-D by caseload.

- Certification – For your convenience, one of the forms in this document (insert hyperlink to CSR) can be used
- The certification should be completed semi-annually
- It should be signed after the dates being certified
- It should be signed by the employee or a supervisor with firsthand knowledge of the work performed by the employee
- The provided forms include supervisory forms that can be utilized to certify the effort of multiple individuals
- The certification is required in addition to normal county payroll documentation and approved time sheets

#### **Reference: Federal Guidance**

#### **2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)**

*8.h.(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.*

## **2. Employees splitting time between IV-D activity, non IV-D activity and non Child Support activity**

- Personnel Activity Report (PAR)
  - 
  - This form can be used for a IV-D Prosecutor or IV-D Court (hyperlink to form)
  - This form can be used for a County Clerk (hyperlink to form)
- The PAR should be completed at least monthly (DCS-CSB has created a report covering two-week intervals which will correspond to most county payroll periods)
- The dates reported on the PAR should correspond to respective pay periods
- The activity reported on the PAR must reflect 100% of the employees time allocated to both IV-D, non IV-D activity and non Child Support activity
- The PAR must be signed by the employee
- The PAR is required in addition to normal county payroll documentation and approved time sheets

### **Reference: Federal Guidance**

#### **2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)**

*8.h.(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:*

- (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.*

*8.h.(5) Personnel activity reports or equivalent documentation must meet the following standards:*

- (a) They must reflect an after the fact distribution of the actual activity of each employee,*
- (b) They must account for the total activity for which each employee is compensated,*
- (c) They must be prepared at least monthly and must coincide with one or more pay periods, and*
- (d) They must be signed by the employee*

## **3. The PAR is not required if a valid statistical method is used to allocate costs between IV-D and non IV-D activity**

- It is allowable to allocate charges to IV-D based on measurable statistics
- Any method utilized must be reasonable and valid
  - Many County Clerks are able to allocate Child Support costs to IV-D based on their IV-D caseload percentage
  - A Prosecutor's Office could reasonably allocate costs for employees supporting both the IV-D and Criminal areas by the number of employees in each area, the total hours worked by the employees in each area or by total operational costs of each area
- The statistics used must relate to the time period being allocated
  - Caseload data is provided monthly and the calculation must be adjusted with each new caseload report, however, the change on a monthly basis is typically minimal
  - If number of employees or hours worked was used, the calculation must be adjusted each pay period
- Documentation must be maintained supporting the method and results of all calculations used to allocate payroll costs (If allocating costs each payroll period, documentation should be maintained corresponding to each pay period)

- The documentation is required in addition to normal county payroll documentation and approved time sheets

**Reference: Federal Guidance**

**2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)**

*8.h.(6) Substitute systems for allocating salaries and wages to Federal awards may be used in place of activity reports. These systems are subject to approval if required by the cognizant agency. Such systems may include, but are not limited to, random moment sampling, case counts, or other quantifiable measures of employee effort.*

*(a) Substitute systems which use sampling methods (primarily for Temporary Assistance to Needy Families (TANF), Medicaid, and other public assistance programs) must meet acceptable statistical sampling standards including:*

*(i) The sampling universe must include all of the employees whose salaries and wages are to be allocated based on sample results except as provided in subsection (c);*

*(ii) The entire time period involved must be covered by the sample; and*

*(iii) The results must be statistically valid and applied to the period being sampled.*

*(b) Allocating charges for the sampled employees' supervisors, clerical and support staffs, based on the results of the sampled employees, will be acceptable.*

*(c) Less than full compliance with the statistical sampling standards noted in subsection (a) may be accepted by the cognizant agency if it concludes that the amounts to be allocated to Federal awards will be minimal, or if it concludes that the system proposed by the governmental unit will result in lower costs to Federal awards than a system which complies with the standards.*

**4. Utilizing Budget Estimates to Allocate Payroll Costs**

- Paying/claiming an individual's salary costs based on pre-determined budget estimates does not qualify as a sufficient method for charging costs to the IV-D program
- Budget estimates may be used for interim accounting purposes
- When estimates are used, quarterly reconciliations and adjustments to Monthly Expenditure Claims or Quarterly Incentive Expenditure Reports are required to correctly allocate costs charged to the IV-D program

**Reference: Federal Guidance**

**2 CFR Part 225 Appendix B (Formerly Office of Management and Budget Circular A-87)**

*8.h.(5) Personnel activity reports or equivalent documentation must meet the following standards:*

*(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to the Federal awards but may be used for interim accounting purposes, provided that:*

*(i) The governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed;*

*(ii) At least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and*

*(iii) The budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.*

**To summarize requirements of the above regulations for each county office:**

### **CLERKS**

In a Clerk's Office, Child Support duties involve both IV-D and Non IV-D tasks. The reasonable method to determine percentage of effort put forth in IV-D cases (for clerks who only work on child support cases) is to utilize the IV-D caseload count report. Therefore, if an employee works 100% on Child Support duties, his/her salary would be allocated to IV-D based on the caseload percentage. If an employee works on Child Support and other tasks (e.g. elections), documentation should be maintained to ensure none of the non-Child Support time is charged to the IV-D program.

- The IV-D caseload count report can be used to determine a percentage of effort for Child Support Employees
  - From most recent caseload report – [IV-D Case Count divided by Total Case Count]
- For employees working 100% on Child Support duties, a semi-annual certification should be completed confirming the employee's efforts were 100% to Child Support duties
  - The certific
  - 
  - ation should be signed by the employee or supervisor on a date after the time period being certified
- For employees sharing time between Child Support and other duties (e.g. elections), a Personnel Activity Report (PAR) should be maintained to document the allocation between Child Support and other duties
  - The PAR should be completed at least monthly, correspond to respective payroll periods, reflect 100% of the employee's activity and be signed by the employee (Form with two-week intervals has been created by DCS-CSB to correspond to county payroll periods)
  - The shared individual's Child Support time would be allocated to IV-D/non IV-D based on the caseload
- Certifications and the PAR are to be maintained in addition to county required payroll records and approved time sheets (10 year retention)
- If budget estimates are used to allocate payroll costs to the IV-D program, quarterly review and reconciliation is required between budgeted and actual costs

### **PROSECUTORS**

- For employees working 100% on IV-D activity, a semi-annual certification should be completed confirming the employee's efforts were 100% to IV-D duties
  - The certification should be signed by the employee or supervisor on a date after the time period being certified

- For employees sharing time between IV-D and non IV-D (e.g. criminal duties), a Personnel Activity Report (PAR) should be maintained to document the allocation between IV-D and non IV-D duties (unless a valid statistical method is used)
  - The PAR should be completed at least monthly, correspond to respective payroll periods, reflect 100% of the employee's activity and be signed by the employee (Form with two-week intervals has been created by DCS-CSB to correspond to county payroll periods)
- Certifications and the PAR are to be maintained in addition to county required payroll records and approved time sheets (10 year retention)
- If budget estimates are used to allocate payroll costs to the IV-D program, quarterly review and reconciliation is required between budgeted and actual costs

## COURTS

- For employees working 100% on IV-D activity, a semi-annual certification should be completed confirming the employee's efforts were 100% to IV-D duties
  - The certification should be signed by the employee or supervisor on a date after the time period
  - 
  - being certified
- For employees sharing time between IV-D and non IV-D duties, a Personnel Activity Report (PAR) should be maintained to document the allocation between IV-D and non IV-D duties (unless a valid statistical method is used)
  - Some IV-D Courts handle IV-D cases 100% of the time, other IV-D Courts handle IV-D cases only certain days or certain hours. In instances where Court employees are performing IV-D activity for only a portion of their work hours, the PAR must be maintained to keep record of the number of hours spent processing IV-D cases and the number of hours spent on non IV-D cases.
  - The PAR should be completed at least monthly, correspond to respective payroll periods, reflect 100% of the employee's activity and be signed by the employee (Form with two-week intervals has been created by DCS-CSB to correspond to county payroll periods)
- Certifications and the PAR are to be maintained in addition to county required payroll records and approved time sheets (10 year retention)
- If budget estimates are used to allocate payroll costs to the IV-D program, quarterly review and reconciliation is required between budgeted and actual costs

As part of the Cooperative Agreement between the Counties and DCS-CSB, all Counties are required to maintain all supporting documentation for claims.

If your office has any questions, please contact DCS Accounting Operations for assistance at [DcsAOInquiries@dcs.in.gov](mailto:DcsAOInquiries@dcs.in.gov).

COUNTY PROSECUTOR  
KOSCIUSKO COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2017, with Daniel H. Hampton, County Prosecuting Attorney; Bradford Jackson, President of the Board of County Commissioners; and Robert G. Sanders, President of the County Council.