

MEMORANDUM OF UNDERSTANDING

WHEREAS, the Washington Department of Social and Health Services' Division of Child Support (herein "DCS") and Chelan County (herein "County") contracted for the provision of services by the County's Superior Court Clerk in support of Washington State's child support enforcement program under Interagency Agreement No. 2110-80333; and

WHEREAS, a management advisory audit conducted by the United States Department of Health and Human Services' Administration for Children and Families in 1996 found that "...cost claims submitted by county Clerks...disclosed that improvements [were] needed in the procedures used to generate the claims for Federal financial reimbursement" required by the Interagency Agreement; and

WHEREAS, the 1996 management advisory audit finding was supported by a statistical methodology employed to measure workload impacts and accurately allocate direct costs of the child support program within the Superior Court Clerk's office; and

WHEREAS, the Washington Association of County Officials (WACO), under its charge to take such action deemed necessary to effect the coordination of the administrative programs of each county, and DSHS/DCS entered into a contract under which WACO funded the services of a Government Cost Accounting Specialist, Larry Lufkin, to develop standards and procedures to be used by each Superior Court Clerk for application of the statistical methodology employed in the 1996 management advisory audit; and

WHEREAS, the standards and procedures are incorporated into a training program developed for the benefit of Superior Court Clerks, who continue in good faith to learn and use the standards and procedures for application of the statistical methodology, to ensure that accurate cost claims are made as required by the provisions of the Interagency Agreement; and

WHEREAS, the DCS' Director and the Chelan County Superior Court Clerk agree that the standards and procedures to be used for application of the statistical methodology employed in the 1996 management advisory audit, and continued training in learning and using the standards and procedures, are provided for within the terms and conditions of the Interagency Agreement; and

WHEREAS, the DCS Director and the Chelan County Superior Court Clerk desire to memorialize an understanding of that agreement, NOW THEREFORE

THIS MEMORANDUM sets forth the understanding of the agreement, as follows:

- 1) The statistical methodology employed in the United States Department of Health and Human Services' Administration for Children and Families' management advisory audit in 1996 of the Superior Court Clerks' claims for costs and expenditures is to be used by the Clerk to determine costs and expenditures of that office.
- 2) The Clerk will be trained in the standards and procedures developed for application of the statistical methodology to ensure that accurate cost and expenditure claims are made. Training will be provided by a qualified 'Government Cost Accounting Specialist'. DCS and the trainer will adopt a training schedule mutually agreeable to the Clerk.
- 3) The Clerk shall be reimbursed by DSHS/DCS for those costs and expenditures noted in number 1 (one) above at the federal match rate provided for in the Interagency Agreement.
- 4) This Memorandum of Understanding, with the statistical methodology attached hereto, will be filed by DCS within its offices and submitted for federal cognizant agency approval under applicable law, rule and regulation."

This agreement is to be effective as of January 1, 2003.

Dated this 10th day of January, 2003.

WASHINGTON DEPARTMENT OF SOCIAL AND HEALTH SERVICES
DIVISION OF CHILD SUPPORT

Georgiann DeKay
Georgiann DeKay, Director, DCS

Dated this 30 day of December, 2002

CHELAN COUNTY SUPERIOR COURT CLERK

Siri A Woods
Siri A Woods

Washington County Clerks' Association/Division of Child Support
Cost Reimbursement Summary
October 2002

Background Federal OMB Circular A-87 requires that all claims for federal financial participation must be reasonable and consistently claimed in accordance with Attachment A, allowable in accordance with Attachment B, and allocable in accordance with Attachments C and E. A prior federal audit, dated February 7, 1996, concluded that the system then being used by county clerks and the DSHS Division of Child Support did not meet these requirements. The Washington State County Clerks' Association, in cooperation with the Division of Child Support, designed and implemented a new cost reimbursement system that is intended to meet federal requirements.

Formula The new formula for determining the amount of reimbursement by a county clerk is as follows:

Step 1 – Develop the clerk's allowable costs

- a) Total county clerk direct costs for the period
- b) Less: Unallowable costs
- c) Equals: Net allowable direct costs
- d) Plus: Allowable indirect costs
- e) Equals: Total costs that are allocable to the Child Support Program

Step 2 – Develop the clerk's child support percentage (see format page 3 of 4)

- a) Download, from SCOMIS, the total number of pleadings by case type for all 8 case types, for the appropriate period, usually one year.
- b) Download the complete list of pleadings for case types 3 (domestic) and 5 (paternity) for the same period.
- c) Select a sample of 200 pleadings from the list of case types 3 and 5.
- d) Review all relevant documentation on SEMS, SCOMIS, and clerk hard files for each individual pleading, and determine the relative number of pleadings in the sample that meet Child Support Program requirements.
- e) Calculate a point estimate of child support pleadings in the sample.
- f) Multiply the point estimate percentage times the total number of case type 3 and 5 pleadings to project the total number child support pleadings for the period.
- g) Divide the total projected number of child support pleadings for the period (developed in step 2-f) by the total number of pleadings obtained for all 8 case code types (developed in step 2-a) to obtain the overall child support percentage for the period.

Step 3 – Calculate the allocation of the cost pool to the Child Support Program

- a) Multiply the total costs that are allocable to the Child Support Program (developed in step 1-e) times the clerk's child support percentage (developed in step 2-g).
- b) Transfer the resulting amount to the clerk's child support reimbursement claim for the period.

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Definitions

Total county clerk direct costs (step 1-a): Total direct costs are those that are recorded in the county's official accounting records for the period included in the reimbursement claim. These records are sometimes referred to as the "Budget Status Report." All amounts claimed must meet the basic requirements of A-87, Attachment A.

Unallowable costs (step 1-b): Unallowable costs are those that do not meet the requirements of federal OMB Circular A-87, Attachment B or Child Support Program regulations at 45 CFR Part 304. Usual types of costs that must be excluded from the claim are General Government Expenses (A-87, Attachment B, Section 23) and Training that does not meet the requirements of 45 CFR Part 304. Unallowable costs also include contingencies and other similar amounts that were not expended by the clerk for goods and services.

Allowable indirect costs (step 1-d): Costs that are allocated to the clerk in accordance with an indirect cost allocation plan that was developed in accordance with OMB Circular A-87, Attachments C and E. Attachment C plans allocate the costs of countywide central services. Attachment E plans allocate the overhead costs of individual departments.

SCOMIS: The computerized database maintained by the Administrator for the Courts.

Case Type: The AOC allows 8 case type codes for use on SCOMIS.

Pleadings: Pleadings are the individual actions taken on any given case. The sample will be taken from the list of pleadings that were filed during the period, not the related case files. In order for a pleading to be included as a child support pleading, it must meet the basic requirements of the federal Child Support Program. Under these requirements, the pleading must include specific actions taken: to locate a parent or guardian; establish, modify, or enforce a child support order; establish paternity; or establish, modify, or enforce a medical order. Pleadings that may also be included are related actions such as a continuance the court allows during the establishment of a support order and other similar types of related actions. Pleadings that may not be included are those that only involve parental visitation, parental guidance, or guardian ad litem issues. A pleading that involves a combination of allowable actions and unallowable actions may be included as a child support pleading. Except in rare instances regarding year-end timing, pleadings must represent actions taken on child support cases that are registered on the Division of Child Support SEMS system.

Sample: The sample of 200 pleadings is based upon the minimum requirements set by the U.S. Department of Health and Human Services, Office of Inspector General, for the purpose of developing cost estimates. The sample taken will be a random interval sample.

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Sampling Process

1. A sample of 200 pleadings was selected from the total pleadings downloaded for the two types of pleadings that included potential child support pleadings (71,924 pleadings).
2. Sample results were as follows: Initial review of 75 sample pleadings showed that no children were involved in the cases and each was recorded as a "no" on the list of sampled pleadings. Additional review of SEMS for the remaining 125 pleadings showed that 38 pleadings involved cases that were not included in the SEMS database. The final 87 pleadings involved cases that were included on the SEMS database.
3. Calculations of the projected number of child support pleadings for the three areas is as follows: $87/200 = 43.5\%$. Calculation of the overall projected child support pleadings is shown in the schedule below.

Type of Pleading	Actual Numbers of Pleadings	Sample Projection Percentage	Projected Child Support Pleadings
Criminal	87,020	0.00%	0
Civil	61,390	0.00%	0
DV/Harassment	7,609	0.00%	0
Probate	11,683	0.00%	0
Juvenile Dep.	16,486	0.00%	0
Mental Illness	2,952	0.00%	0
Juvenile Offender	32,336	0.00%	0
Domestic	54,175		
Adoption/Paternity	17,749		
Total Pleadings in Sample	71,924		
Sample Percentage of pleadings		43.50%	
Projected Child Support Pleadings			31,287
Total pleadings-all codes	291,400		
Percentage of child support pleadings in the population			10.74%

Washington State Clerks' Association/Division of Child Support
Cost Reimbursement Summary
October 2002

Simplified Reimbursement Claim Format

Total Allowable Direct Costs			\$179,592
Indirect Cost Allowance			
Total Direct Salaries and Wages	\$114,714		
Indirect Rate		20.16%	
Indirect Cost Allowance			\$20,993
Total Costs Eligible for Allocation			\$200,585
Child Support Percentage of Pleadings		10.74%	
Claim for Reimbursement			\$21,536