North Carolina Department of Health and Human Services
Division of Social Services

325 North Salisbury Street • Raleigh, North Carolina 27603
Courier # 56-20-25

Michael F. Easley, Governor
Dempsey Benton, Secretary

Sherry S. Bradsher, Director
(919) 733-3055

September 12, 2008

Subject: General Guidelines for Limits on Federal Reimbursement for County Purchases of Software and Hardware for Document Management

Dear County Directors of Social Services:

The Division of Social Services (DSS) and the Division of Information Resource Management (DIRM) are issuing this letter to provide clarification and guidance regarding recent inquiries and requests made by County Departments of Social Services concerning Federal reimbursement for the purchase of software and/or hardware for the purposes of document management.

The NC FAST Implementation Team has prepared a list of high-level functions and capabilities that are within the scope of the North Carolina Families Accessing Services through Technology (NC FAST), approved by the NC FAST Executive Advisory Committee at it's meeting on June 13, 2008. This document is attached and is being provided to aid counties in determining what software and hardware purchases may be potentially considered for Federal reimbursement, in that such products lie outside the scope of NC FAST. Although the ability to attach scanned documents to a case will exist in NC FAST, document imaging and formal document management will not be initially within the scope of NC FAST.

Concerning Federal reimbursement for purchase of software and/or hardware for document management, DSS, DIRM and the DHHS Office of the Controller have reached the following conclusions.

- DHHS will be willing to consider requests from County Departments of Social Services for Federal reimbursement of expenditures incurred for technology solutions determined to be out-of-scope for NC FAST such as:
    - generic commercial off-the-shelf (COTS) imaging software, provided the software is "stand-alone" in design and not integrated with a more comprehensive case management software solution and
    - generic COTS document management software, provided the software is "stand-alone" in design and not integrated with a more comprehensive case management software solution.

- DHHS will not consider requests for Federal reimbursement for expenditures incurred for technology solutions determined to be within the scope of NC FAST, including, but not limited to:
  - case management systems;
  - document imaging or document management software that is integrated within a more comprehensive software solution that includes functions or capabilities that are within the scope of NC FAST; and
  - worker time and/or consulting services allocated to the planning, feasibility analysis, project management, development, testing and/or implementation of a software solution that includes functions or capabilities that are within the scope of NC FAST. Further, any such worker time already charged to any Federal fund sources must be re-classified to all County funds.

DHHS understands the fiscal impact and physical challenges of county compliance with records retention schedules and other requirements. We fully support county efforts to find solutions, including technological solutions, to address these needs; however, we must ensure that Federal financial participation in NC FAST is not jeopardized. Communications with our Federal partners and our analysis of the facts, supported by a review and analysis by the Department's legal counsel, have led us to the above conclusions.

If you have any questions about the information provided in this letter, please contact Hank Bowers at 919-733-3055 or Hank.Bowers@ncmail.net.

Sincerely,

Sherry Bradsher

Sherry Bradsher, Director
Division of Social Services

Karen Tomczak

Karen Tomczak, Director
Division of Information Resource Management

SB,KT/jnb

PM-REM-05-2008
Attachments (1): NC FAST InScope Functionality 060308.doc

cc: Dan Stewart, DHHS Deputy Secretary
Laketha Miller, DHHS Controller
Jim Slate, Division of Budget and Analysis, Director
Emery Milliken, DHHS General Counsel
Angela Taylor, DIRM Social and Economic Applications Management, Associate
Bonnie Knowles, DIRM, NC FAST Project Director