



## North Carolina Department of Health and Human Services Office of the Controller

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LOCATION:  
616 Oberlin Road  
Raleigh, NC 27605

February 25, 2010

Dear Child Support Enforcement Agency Director

Dear County Director of Social Services:

**Subject: Guidance on Child Support Enforcement Fiscal Issues**

As most of you are aware, pursuant to Section 10.46A of S.L. 2009-451, the General Assembly directed that effective July 1, 2010, each Child Support Enforcement Office (CSE) that is administered currently by the Department of Health and Human Services, Division of Social Services (DHHS DSS), will be administered by local government. The purpose of this letter is to provide fiscal reporting guidance to counties in transition as well as to be a refresher for those counties currently operating Child Support offices.

Listed below are cost allocation/reporting principles to keep in mind when making decisions regarding your CSE operations:

- **Direct Charging Equipment** - When an item is purchased and charged to a single funding source, this is referred to as direct charging. A purchase of this type requires approval from both the DHHS DSS and the DHHS Office of the Controller (DHHS OOC), **regardless of cost**. Any computer equipment purchased and charged directly to your Child Support funding sources requires this approval. Furniture and supplies **may not** be direct charged. They must be cost allocated over all programs within the county. Information related to direct charging may be found in Section III-B of the DSS Fiscal Manual located at <http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/>.
- **Purchasing Equipment for Staff** - Equipment may be purchased and direct charged for staff who are 100% dedicated to the funding source. These employees must be coded on the DSS-1571 as 100% CSE employees. As a rule, equipment may not be direct charged for clerical and supervisory positions since those positions are cost allocated across all programs. Even though CSE employees are all reported on the Part I-C of the DSS-1571 and cost allocated over CSE only, due to consistency issues, this rule still applies.

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- **Leased Space** - No cost for major renovations and alterations may be claimed for leased space unless a lease purchase agreement exists. These costs should be paid by the owner of the space and recouped through an adjustment to the monthly lease payment. For example, installing a security system or making major structural changes to a leased space is not allowable for reimbursement. Information related to leased space may be found in Section II-D of the DSS Fiscal Manual located at <http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/>.
- **Renovations to County Owned Space** - Maintenance repairs such as painting, repairing plaster, or minor repairs to plumbing and electrical systems may be expensed in the month in which they are paid. Major renovations and alterations such as a new roof, construction of permanent partitions or installing of electrical systems must be capitalized and depreciated either over the expected life of the item or added to the cost of the building and depreciated over the remaining life of the building. Information related to renovations may be found in Section II-D of the DSS Fiscal Manual located at <http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/>.
- **Contracted CSE Workers Housed in DSS Owned Space** - When contracted workers are housed in DSS owned or leased space, the workers should be reported on the DSS-1571 Part I showing the appropriate FTEs and zero (0) salaries and benefits. This will apportion the appropriate amount of overhead costs to the CSE funding source. The contract cost will then be reported on the DSS-1571 Part II. Information related to contracted workers may be found in Section III-A of the DSS Fiscal Manual located at <http://info.dhhs.state.nc.us/olm/manuals/ooc/fsc/man/>.

If you have any questions, please call your Local Business Liaison or the County Administration Accounting Unit (919) 733-2306.

Sincerely,

[signed]

Laketha M. Miller

LMM:dh

cc: Sherry S. Bradsher  
Sarah Barham  
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DSS Local Business Liaisons  
County Finance Officers  
IV-D Consultants