

NUMBER

#17-32-12

DATE

March 31, 2017

OF INTEREST TO

County Directors

Rule 4 Placing Agencies

Facilities Directors

Rule 4 Placing Agencies Fiscal

Representatives

ACTION/DUE DATE

Please read information and
use to prepare annual cost
report

EXPIRATION DATE

March 31, 2019

Placing Agencies Time Study Cost Report (DHS-3298) Instructions

TOPIC

Provides current instructions for Rule 4 Placing Agencies to complete the annual cost report.

PURPOSE

Provides current instructions for Rule 4 Placing Agencies to complete the annual cost report. Provides definitions of allowable and unallowable costs.

CONTACT

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SIGNED

ALEXANDRA KOTZE
Chief Financial Officer

TERMINOLOGY NOTICE

The terminology used to describe people we serve has changed over time. The Minnesota Department of Human Services (DHS) supports the use of "People First" language.

I. Introduction

Rule 4 Placing Agencies work with adoptions and foster care. The Placing Agency Time Study (PATs) project works only with the foster care program.

Within foster care, Rule 4 Placing Agencies recruit, license, supervise, and support Rule 1 Child Foster Care homes. Counties pay the agencies for providing these services for publicly placed and supported children. For purposes of the PATs project, these county payments are best thought of as having two components:

- The direct maintenance payment for the child foster care consists of the basic maintenance payment, the difficulty of care rate, and the initial clothing allowance.
- The foster home support or administrative fee retained by the Rule 4 Placing Agency itself is used to pay for the recruitment, licensing, support functions and supervision of the agency.

As a result, the PATs project is concerned only with the activity of the Rule 4 Placing Agency covered by this administrative fee, and not with maintenance payments made directly to the family foster homes for child foster care.

The Minnesota Department of Human Services (DHS) reimburses counties for some of these foster care costs through the Federal Title IV-E Foster Care Program. Federal reimbursement for the direct maintenance payment to the child foster care home is based on the foster home payment process. The PATs project is the first step in the federal reimbursement process for the foster home support or administrative fee component.

The PATs project was designed to identify the administrative costs, which are eligible to earn federal administrative dollars for the activities performed by Rule 4 Placing Agency foster care staff. The time study was developed to measure staff activity and to determine the percentage of the placing agency administrative fee eligible for federal Title IV E reimbursement. The role of DHS in this time study is to act on behalf of the counties and local agencies, providing customer service and helping to maximize federal revenue. DHS also has a responsibility to act as the agents of the federal government by ensuring federal regulations are followed.

Involvement in this time study is strictly voluntary; however, the administrative fee of those Placing Agencies not participating in the time study will not be eligible for the administrative Title IV-E reimbursement. Participating agencies must fully comply with the terms of the time study. The benefit of the time study is federal reimbursement to the counties for the allowable portion of Rule 4 Placing Agency administrative expenditures. This federal reimbursement results in lower county costs.

The primary purpose of the PATs Cost Report is to gather the financial data required for federal calculations. The data will be used by federal and state agencies as necessary.

I. Legal References

45 CFR Part 75, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR HHS AWARDS

I. Changes

New required ADA bulletin format used to meet accessibility standards per Minnesota Statutes, section 16E.03, subdivision 9.

I. Attachments

- Attachment A: Cost Report General Instructions
 - a. Facilities covered by the report
 - b. Reporting period
 - c. General guidelines for completing the report
 - d. Deadline for submitting cost reports
- Attachment A: Line by Line Instructions for the Annual PATS Cost Report
- Attachment B: Annual Rule 4 Placing Agency Time Study (PATS) Cost Report

Americans with Disabilities Act (ADA) Advisory

This information is available in accessible formats for people with disabilities by calling (651) 431-3725 (voice) or toll free at (800) 627-3529 or by using your preferred relay service. For other information on disability rights and protections, contact the agency's ADA coordinator.

2017

Cost Report General Instructions

Rule 4 Placing Agencies (PATs)

Financial Operations

MINNESOTA DEPARTMENT OF HUMAN SERVICES

GENERAL INSTRUCTIONS

Facilities Covered by the Annual Cost Report

All agencies must maintain an accounting and financial management system adequate to support all claims for federal reimbursement, including a clear audit trail. All supporting documentation must be made available to state and federal agencies upon request.

Only one annual cost report is required for each DHS Rule 4 license. If your agency operates more than one foster care program, or operates in more than one location, the costs of all foster care programs should be combined for this report.

Reporting Period

The amounts reported in the annual cost report must cover the most recently completed calendar year prior to January 1 of the current year. When completing the cost report, please use calendar year dates beginning January 1st through December 31st.

An exception is made for new agencies that have been in operation for less than one year. In this case, the annual cost report must include the actual costs for at least six months of operation the within calendar year. If less than six months of actual costs are available, please contact DHS for guidance.

ENTER ONLY COSTS INCURRED DURING THIS FISCAL PERIOD ON THE ANNUAL COST REPORT.

General Guidelines for Completing the Annual Placing Agencies Cost Report

All amounts presented must be rounded to the nearest whole dollar.

All expenses entered on the cost report must be for services included in the foster care program per diem. Do not include MA reimbursable costs on the annual cost report.

Do not include the direct payments to family foster homes for basic maintenance, difficulty of care, or clothing allowance.

It is essential that all lines of the annual cost report be completed. Please double check your math, sign and date the report before sending.

Deadline for Submitting Cost Reports

Annual cost reports must be completed and returned electronically to DHS on or before the last day in February. The electronic submission constitutes an authorized copy of the report when signed.

Keep a copy of the report and all supporting documents for your records.

2017

Line by Line Instructions for the Annual Cost Report

Rule 4 Placing Agencies (PATs)

Financial Operations

MINNESOTA DEPARTMENT OF HUMAN SERVICES

Attachment B

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LINE BY LINE INSTRUCTIONS FOR THE ANNUAL PATS COST REPORT

PAGE 1 OF 1

REPORTING PERIOD

The data presented in the cost report should reflect the actual operating costs of the facility for their most recently completed calendar year prior to January 1 of the current year. The cost reporting period for the current cost report has been entered on Page 1 for your convenience. When completing the cost report in future years, please use calendar year dates beginning January 1st through December 31st.

EXCEPTION: a new facility in operation for less than one year must include actual costs for a minimum of six months of operations in the cost report.

SECTION A. IDENTIFYING INFORMATION FOR OPERATING AGENCY

1. **Operating Agency/Parent Organization Name:** Enter the name of the agency responsible for administering the eligible program(s) represented in this cost report.
2. **Mailing Address:** Enter the mailing address of the operating agency/parent organization.
3. **City, State and Zip Code:** Enter the mailing address of the operating agency/parent organization.
4. **Telephone Number:** Enter the main telephone number (with area code) of the operating agency/parent organization.
5. **Federal Tax ID:** Enter the agency's federal tax identification number (TIN). The annual cost report cannot be approved without this information.
6. **Operating Agency Type:** Indicate public or private agency.

SECTION B. AGENCY EXPENDITURES FOR REPORTING PERIOD

Report costs in the grey colored spaces; this will help avoid errors.

Line 1:

Enter the direct costs associated with foster care programs on this line.

Attachment B

Direct Costs: Direct costs are those costs that can be directly attributable to the operation of the specific foster care program(s).

Do not include the direct payments to family foster homes for basic maintenance, difficulty of care, or clothing allowance.

Example 1:

- Agency A operates only one program, Foster Care. All costs associated with the agency are direct costs of the Foster Care program.

The important fact in this scenario is that there is only one program. For that reason, all costs associated with Agency A are specifically identifiable to the Foster Care program.

Example 2:

- Agency B operates two separate and distinct programs; an Adoption program and a Foster Care program. The agency has one employee who spends 60% of their time dealing with Adoption and 40% dealing with Foster Care. Only the 40% clearly identifiable to the Foster Care program are considered direct costs and included on line 1.

The important factor in this scenario is that the programs are separate and distinct, and that the amount of time spent on each program is known and documented.

Example 3:

- Agency C operates three programs: an Adoption program, a Foster Care program, and a Family Preservation program. All functions of each of these three programs are performed from a single facility.

The programs do not each issue payments for the costs of rent, electricity, heat, and water. Instead, these costs are allocated to the programs based on the square footage occupied by each program area.

The Adoption program occupies 20% of the total square footage, Foster Care 30% and Family Preservation 50%. Since these costs are directly attributable to the operation of the respective programs and use of square footage is an acceptable method of allocation, the 30% allocated to Foster Care can be entered on Line 1.

The key to this determination is that the costs are directly attributable to the operation of a specific program and that they are allocated to each program based on an accepted allocation method per generally accepted accounting principles (GAAP).

Attachment B

Example 4:

- Agency C above also employs a clerical person whose duties consist of direct support to program staff in three programs. Her work directly benefits the Adoption, Foster Care and Family Preservation programs. However, it is not known how much of her time is spent with each individual program. Therefore, the agency allocates her salary to the programs based on the percentage of full time equivalent staff (FTE's) in each program compared to total staff in all three programs. Since this cost is direct support of a specific program and use of FTE's is an acceptable method of allocation, the portion allocated to Foster Care can be included on Line 1.

The key to this determination is that the costs are directly attributable to the operation of a specific program and that they are allocated to each program based on an accepted method of allocation per GAAP.

Line 2:

Enter all agency related indirect costs allocated to foster care programs on this line.

Agency Related Indirect Costs: Agency related indirect costs are those costs that are not directly attributable to the operation of a specific program, but are nevertheless necessary to the general operation of the overall organization and the conduct of its activities. These costs are often salary and benefits of agency management, accounting and administration as well as costs paid to a parent agency. These costs are frequently allocated based on square footage, number of children served, percentages of revenues, full time equivalent staff (FTE's), or other accepted methods of allocation per GAAP.

Line 3:

Enter all of the required exclusions from foster care programs on this line.

Required Exclusions: Claiming Title IV-E reimbursement requires the exclusion of certain costs. These exclusions are for items or activities ineligible for Title IV-E. Enter the following exclusions on Line 3:

- Entertainment relating to amusement; staff picnics, etc.
- Fines and penalties
- Expenses resulting from violations of, or noncompliance with federal, state, or local laws
- Interest expenses or other expenses related to securing financing
- Contributions and donations to charities
- Transfers of funds to other agencies (except for purchased services)

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- Bad debt expenses
- Contingency reserves established for unforeseen events
- Formal research projects (such as might be conducted for publication)
- Religion
- Formal education (as may be offered in a standard public school curriculum)
- Fund Raising

Line 4:

Default field – Adds lines 1 & 2; Subtracts line 3.

SECTION C. CERTIFICATION OF ACCURACY

1. **Name, Telephone Number (with area code) and Email Address of Person Completing this Form:** Enter the name, telephone number (with area code) and email address of the person who completed the annual cost report. This person should be able answer questions and provide clarification about information contained in the annual cost report.
2. **Name and Title of Operating Agency Authorized Representative:** Enter the name and title of the representative certifying correct and complete information contained on this annual cost report. This should be the chief executive officer of the agency or his/her designee.
3. **Date:** Enter the date that the completed cost report was approved by the authorized representative and sent to DHS.

Attachment C

Department of Human Services
Annual Rule 4 Placing Agency Time Study (PATs) Cost Report

Read Instructions Before Proceeding

Reporting Period: From: To:

A. Identifying Information For Placing Agency

1. Operating Agency Name	3. City, State, Zip Code	5. Federal Tax I.D. #
2. Mailing Address	4. Telephone #	6. Operating Agency Type (check)
		<div style="display: flex; justify-content: space-between;"> Public <input type="checkbox"/> Private <input type="checkbox"/> </div>

B. Agency Expenditures for Reporting Period

1. Total Direct Costs:	0.00
2. Agency Indirect Costs:	0.00
3. LESS: Required Exclusions:	0.00
4. Total (Items 1+2-3):	0.00

C. Certification of Accuracy:

Name of the Person Completing this Form	Telephone Number	E-mail Address of the Person Completing Form
	()	

Name and Title of Operating Agency Authorized Representative	Date

Electronic submission of this cost report constitutes an authorized copy of this report when signed.

RETURN COMPLETED COST REPORT TO DEPARTMENT OF HUMAN SERVICES NO LATER THAN FEBRUARY 28th