

## **County-Managed Purchases of Hardware and Software, and Billing of Data-Processing (DP) Costs**

### **A. Requirements for Purchasing and Billing**

County-managed Friend of the Court (FOC) or Prosecuting Attorney (PA) offices may purchase hardware and software. These offices may bill hardware, software and other DP costs only if they meet the following requirements:

1. The costs are reasonable and necessary under the circumstances (Ref: 45 Code of Federal Regulations [CFR] 75.404).
2. The new PCs/laptops are a replacement for previously purchased PCs/laptops that had been approved by Office of Child Support (OCS) Financial Management, and the old PCs/laptops are being replaced in accordance with the county replacement policy that applies to all county departments.
3. The items are not provided by or duplicate any function of the Michigan Child Support Enforcement System (MiCSES) (for example, a county court case tracking system cannot be billed because it duplicates MiCSES tracking functionality).
4. The items are not provided by or duplicate any hardware and software or service provided by the Department of Technology, Management & Budget (DTMB) (for example, a county Interactive Voice Response system cannot be billed because the service is provided by DTMB).
5. The items are not funded through another federal grant.
6. The purchased items consist of a printer, scanner, monitor or other peripherals such as keyboards and mice. These can be purchased and billed without prior OCS approval.
7. The procurement of the purchased item(s) meet(s) the requirements in Section B below.
8. The costs are properly allocated as described in Exhibit 1.23E5.
9. The method used to determine the amount of DP costs (other than imaging system costs) to bill meets the requirements of Section C below.
10. Imaging system costs are billed in accordance with Exhibit 1.23E3.
11. If the purchases are not exempt from OCS Financial Management pre-approval, they have been pre-approved in writing by OCS Financial Management as described in Sections D and E below.

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### **B. Procurement**

All purchases submitted to OCS Financial Management must be made in accordance with 45 CFR 95.613, Procurement Standards, and 45 CFR Subpart D: Post Federal Award Requirements, Subgroup: Standards for Financial and Program Management (Part 75) 75.26 to 75.340 (Part 75 is referenced by 45 CFR 95.613).

FOC and PA offices must ensure that the county procurement procedures and process used to acquire imaging systems meet the requirements and that they are used to make purchases that are billed.

### **C. Method Used to Determine the Amount to Bill**

The method used to determine the amount to bill the Michigan Department of Health and Human Services (MDHHS) for DP costs must be consistent with how the county treats DP costs for all departments or units within the county. The requirement to use the same method is necessary to help eliminate the possibility that the Cooperative Reimbursement Program (CRP) is both directly and indirectly charged for the same type of cost.

Generally, the counties treat DP costs within the county as an allocated indirect cost. This is done through an indirect Cost Allocation Plan (CAP), an Internal Service Fund (ISF), or other county internal billing arrangement (IBA) that is not an ISF.

1. If a county has chosen to treat DP costs within the county as an indirect cost and to use a CAP, ISF, or IBA, the FOC or PA DP costs must be billed using the same method, and the costs cannot be directly billed.
2. If a county treats DP costs as a direct cost to all departments or units within the county, direct billing of DP equipment can be authorized by OCS Financial Management only when the FOC or PA can provide to OCS Financial Management a signed certification from the chief financial officer or other county official responsible for the overall county financial administration. The certification will state that the county treats the DP costs as a direct cost to all county departments.
  - a. The certification is required for each request from the county FOC or PA office. An FOC or PA office may not directly bill any DP equipment without the prior approval of OCS Financial Management.
  - b. If the county treats some costs as a direct cost and others as an indirect cost,<sup>1</sup> the signed certification should state that:

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<sup>1</sup> For example, costs of PCs/laptops are charged directly to each county department, but the cost of the network is allocated through an ISF.

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- 1) The CAP, ISF or IBA has been reviewed; and
- 2) The cost of the item(s) treated as a direct cost is not included in any CAP, ISF or IBA cost that is, has been, or will be allocated or billed to the county FOC or PA office (other than a secondary distribution from a central service department).

Note: If the costs are related to an imaging system, see Exhibit 1.23E3.

Note: The current depreciation of any direct-billed DP hardware allowed prior to the publication of Section 1.23 (Rev. 3/20) will continue until the item is fully depreciated.

### D. OCS Financial Management Prior Written Approval Requirements

#### 1. Overview

Purchases of any of the following that access or directly interact with MiCSES or any other items or services that are provided by DTMB must be pre-approved in writing by OCS Financial Management before they can be used to access or directly interact with any state systems or be billed:

- PCs/laptops and associated software;
- Any network hardware or software; or
- Any county child support applications.

Purchases of imaging systems, regardless of whether the imaging system will directly interact with MiCSES or any other items or services that are provided by DTMB, must be pre-approved in writing by OCS Financial Management before they can be billed.

OCS Financial Management's written approval must be received prior to the actual purchase because in accordance with *HHS OCIO Policy IS2P Handbook, POES*: "The State CS Agency shall prohibit the use of non-state furnished equipment to access FPLS information and CS program information without specific written authorization for use of the equipment from the appropriate state CS agency representatives and also OCS Financial Management may deny IV-D funding for the purchase."

#### 2. Procedure

FOC and PA offices will request prior written approval by completing the Information Technology (IT) Purchasing Checklist in Exhibit 1.23E4 and sending it to:

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Michigan Department of Health and Human Services  
OCS Financial Management  
P.O. Box 30478  
Lansing, MI 48909

Note: If the request is for an imaging system, FOC or PA staff will submit the required information for purchasing imaging systems that is listed in Exhibit 1.23E3.

### E. OCS Financial Management Prior Written Approval Process

If the request for PCs/laptops and associated software states that the minimum system technical requirements are met and the number of PCs/laptops is allowable as described in Exhibit 1.23E1, OCS Financial Management will determine whether:

- The purchase is eligible to be billed;
- The cost is reasonable and necessary; and
- The proposed billing method is allowed.

If all conditions are met, OCS Financial Management will provide a written approval to bill the cost.

For any other request, including the purchase of items that exceed DTMB's minimum system technical requirements (for example, versions that exceed the minimum technical requirements posted to mi-support), OCS Financial Management will forward the request and technical specifications to DTMB staff for their review and approval. DTMB staff will evaluate the proposed purchase for compatibility with the items or services that it provides. DTMB staff may contact the requester directly for additional information or for clarification related to the request.

If DTMB does not find any compatibility issues with the purchase request, DTMB staff will issue a response to OCS Financial Management stating that the purchase is compatible. OCS Financial Management will make the determinations listed above. If all conditions are met, OCS Financial Management will provide a written approval to bill the cost.

If DTMB determines the item(s) is not compatible, OCS Financial Management will forward DTMB's response to the FOC or PA office.