

**CHAPTER 3170. ALLOWABLE COSTS AND PROCEDURES FOR
COUNTY CHILDREN AND YOUTH SOCIAL SERVICE PROGRAMS**

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Authority

The provisions of this Chapter 3170 issued under Articles VII and IX of the Public Welfare Code (62 P. S. §§ 701—774 and 901—922); and 42 Pa.C.S. §§ 6301—6365, unless otherwise noted.

Source

The provisions of this Chapter 3170 adopted December 30, 1977, effective January 1, 1978, 7 Pa.B. 4037, unless otherwise indicated.

Cross References

This chapter cited in 55 Pa. Code § 3130.40 (relating to delivery of services through other service providers); 55 Pa. Code § 3140.17 (relating to review of county plans and budgets); 55 Pa. Code § 3140.21 (relating to general); and 55 Pa. Code § 3150.11 (relating to Departmental responsibility).

GENERAL PROVISIONS**§ 3170.1. Legal base.**

The legal authority for this chapter is Articles VII and IX of the Public Welfare Code (62 P. S. §§ 701—774 and 901—922), and 42 Pa.C.S. §§ 6301—6365 (relating to the Juvenile Act).

§ 3170.2. Definitions.

The following words and terms, when used in this chapter, have the following meanings, unless the context clearly indicates otherwise:

Appropriate county authority—The county institution districts or their successors, where applicable.

County—The county institution districts or their successors, where applicable.

County agency—The Children and Youth Social Services Agency.

Department—The Department of Human Services of the Commonwealth.

Mortgaged real estate—A conveyance of property subject to certain financial conditions or obligations which are satisfied by payment according to stipulated terms. The conveyance of property through bonded indebtedness shall be considered as mortgaged real estate for the purposes of this chapter.

Part-time employe—An employe who, on a continuing basis, works less than the county's regular standard work week.

Permanent employe—An employe of the county children and youth social service agency—either full-time or part-time—who is expected to be maintained on the payroll for at least 9 months.

Program funded agency—An agency whose total eligible expenditures are funded in a manner which is predetermined by the appropriate county authorities.

Sole-source provider—A situation where there is only one provider that exists in a geographic area and no economic benefit would result from a non-local provider, or the services to be provided are unique to a proposed provider

and the reason for unanticipated critical need which shall be satisfied in as short a time as possible, or the services needed are professional or medical service provided only on a unit fee or consultation basis such as physicians, psychologists, dentists, and the like.

Temporary employe—An employe of the county children and youth social service agency—either full-time or part-time—who is maintained on the payroll for a period of 9 months or less.

Unrestricted donations—Monies or major items freely given to the county, the county agency, or contracted provider, to be used in a manner which the recipient of the donations shall see fit—that is, the funds or items have not been earmarked for a particular purpose, function, project, or individual. Donations to a fund maintained by the advisory board for the purpose of purchasing gifts, having social activities, and the like, for children is not considered an unrestricted donation.

INTRODUCTION

§ 3170.11. Purpose.

(a) This chapter is a consolidation of the fiscal policies which relate to children and youth social service programs in this Commonwealth. This chapter defines allowable costs for reimbursement by the Department.

(b) The Department will only participate in expenditures or activities which are permitted under the County Code (16 P. S. §§ 101—2902) applicable to the particular county requesting reimbursement. The Department will participate financially in the payment of those expenditures which are necessary and justifiable for program operation. The extent of Departmental participation is dependent upon the level of funding for which a given service qualifies and the allowability of expenditures as they are defined in this chapter. Expenditures made by the county children and youth program shall be reasonable to the extent that they are of the same nature as expenditures which would be made by a prudent buyer in the market place.

(c) Sections 3170.41—3170.49, 3170.51—3170.61, and 3170.71—3170.77 (relating to personnel expenses; operating expenses; and fixed assets) contain the Department's policies for claiming Departmental participation in expenditures for services provided directly by the county and program-funded agencies. Sections 3170.81—3170.86 (relating to unit of service funding) contain the Department's policies for claiming Departmental participation in services provided through the county agency on a unit of service funding basis. These policies define the maximum allowable expenditures for Departmental participation and shall not be construed as mandated rates of expenditure. Expenditures beyond those approved levels are the responsibility of the local authorities.

(d) Policies contained in this chapter address themselves to those county expenses which the Department considers as allowable and which it will reim-

burse. Expenses which have not been included in this chapter are considered to be a cost which is not eligible for Departmental financial participation.

(e) This chapter shall apply to county children and youth social service agencies in the Commonwealth, and providers of service to the county agencies, where applicable.

§ 3170.12. Grants and reimbursement policies.

(a) The Department will provide grants to counties and individual providers to assist them in establishing new services for children and youth when the providers have received approval for the grants under the provisions of Chapter 3140 (relating to planning and financial reimbursement requirements for county children and youth social service programs).

(b) Grants and reimbursement shall be subject to the availability of funds to the Department from the General Assembly.

(c) Funds made available to the Department will be distributed to the counties on a consistent and uniform basis.

(d) The Department will reimburse only for those services included in the county's approved annual plan or approved revisions to the plan, and in compliance with Chapter 3140. Expenditures made by the county to those facilities which are certified by the Department shall be eligible for reimbursement for services provided.

SERVICES

§ 3170.21. Generally.

Services may be provided directly by the single county agency or by purchase of service from a Departmentally approved agency or facility, which includes program-funded agencies.

§ 3170.22. Direct provision of services.

(a) Information and referral service, service planning, and protective services shall be provided directly by the county agency. However, these services may also be purchased from another agency; that is, they may be purchased to supplement the county's provision of services, under the following conditions:

(1) When information and referral services for children are provided as part of a single county-wide information and referral program operated by a public or private agency other than the county agency, in which case the county agency shall not be required to provide it directly.

(2) When, as a supplement to the county agency's provision of service, information and referral services are provided under a written agreement by a program-funded agency which provides as its primary function the diversion of children from the traditional children and youth programs and which has information and referral services as an integral part of its program.

(3) When, as a supplement to the county agency's provision of the service, service planning is provided under a written agreement in conjunction with information and referral service by a program funded agency which provides as its primary function the diversion of children from the traditional children and youth programs.

(4) When, as a supplement to the county agency's provision of these services, protective services—child abuse and protective services—general are provided under a written agreement by another certified agency.

(b) Children and youth social services provided directly by county staff and supervised by the county agency director are eligible for reimbursement by the Department, as specified in §§ 3170.41—3170.49, 3170.51—3170.61, 3170.71—3170.77 and subject to the limitations prescribed by this chapter.

§ 3170.23. Purchase of service.

(a) Purchase of service funding may be by unit of service funding or by program funding.

(b) A written agreement complying with § 3170.93 (relating to contracts) shall be signed by the county and those providers to which clients are regularly referred or with which the public agency, the juvenile court, and juvenile probation office have a continuing relationship. This requirement shall apply to both unit of service and program-funded agencies.

(c) Unit of service funding is the reimbursement of providers based on a charge per service. This refers to service providers which are separately administered, and receive reimbursement by a contracted per diem or fee rate—funding based on a charge per service. Services which are not eligible for program funding may be purchased on a unit of service plan if they are included in the approved annual plan. The services may be contracted for in advance, to be paid for as used, or purchased as the occasion arises. The services shall meet the requirements set forth in §§ 3170.81—3170.86 (relating to unit of service funding) in order to qualify for reimbursement.

(d) The county may fund the total eligible expenditures for a privately administered and staffed facility or agency—that is, program funded—however, the funding may be used only when all of the following conditions are met:

(1) The county provides documentation that the desired services are available from only one provider in the geographical area to be served.

(2) The cost of the service is reasonable and if it can be computed on a unit-of-service basis, the rate does not exceed those charged the general public, or actual cost.

(3) The amount of funding paid by the county are those allowable provider costs remaining after other sources of income to the provider have been applied to the program being funded.

(e) For the purpose of this chapter, program-funded agencies shall adhere to appropriate requirements set forth for county agencies as described in § 3170.41

(relating to generally), and the requirements in §§ 3170.42(b)—3170.49 (relating to personnel expenses), 3170.51—3170.61 (relating to operating expenses), and 3170.71—3170.77 (relating to ownership).

ELIGIBILITY REQUIREMENTS

§ 3170.31. Liability of the county and the Department.

(a) Neither the Department nor a county will be required to expend funds to provide services to a child so long as the child is eligible for or receiving benefits which exceed the cost of the service, under a private, public, county, State, or Federal program. Federal funding in this context includes payments made to or for the child, such as AFDC-F, Social Security, Supplemental Security Income, and Veterans Benefits.

(b) When the child is no longer eligible for benefits under another program or the benefits no longer exceed the cost of the service, the Department and the county will share the cost of providing services to the child, to the extent that the cost exceed a benefit to the child and are not borne by the Federal government or a private person or agency. This section shall not be construed so as to decrease or eliminate eligibility of a person, a facility of the State, or a political subdivision to receive a type of Federal assistance, grants, or funding.

(c) The Mental Health Mental Retardation Act of 1966 (50 P. S. §§ 4101, 4102, 4201—4203, 4301—4305, 4401—4426, 4501—4512, 4601—4606 and 4701—4704) contains a contingent liability clause similar to the one stated in subsection (b). In order to avoid confusion, when either the mental health/mental retardation or children and youth social service program request a determination on liability, the Department will determine, through its regional office:

- (1) If the costs shall be charged to the mental health/mental retardation or children and youth social service program on the basis of the type of service provided.
- (2) Which of these programs shall provide the service.

Cross References

This section cited in 55 Pa. Code § 3140.17 (relating to review of county plans and budgets).

§ 3170.32. Related programs.

Funds appropriated by the General Assembly for children and youth social services shall not be used to support other programs for which specific appropriations have also been made, such as specialized services in mental health/mental retardation programs or facilities.

PERSONNEL EXPENSES**§ 3170.41. Generally.**

(a) The Department will participate in the cost of county agency personnel, including salaries, benefits, and other related expenses. For county agency employes the Department will only participate in the cost of personnel hired in accordance with merit system procedures and directly assigned to the children and youth social service program and under the supervision of the county agency director. However, county employes other than employes of the county child welfare agency who are providing social services under the county's children and youth social service agency and who are not covered by an approved merit system as of January 1, 1978, shall not be required to be reappointed through the merit system in order to retain their current position.

(b) For those nonmerit system employes, salaries will be reimbursed up to the limit of county civil service personnel compensation plan, or, where applicable and documented, up to the limit of Commonwealth compensation levels when the salary levels result from a collective bargaining agreement.

(c) Employes hired or reclassified after January 1, 1978, shall be appointed in accordance with the approved merit system in use by the county.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of county).

§ 3170.42. Wages and salaries.

(a) The county civil service personnel compensation plan shall serve as the basis for determining wages and salaries as described in subsection (b)—(e).

(b) The Department will participate in the cost of salaries at the amount established by the county civil service personnel compensation board in accordance with its plan and under the authority of an agreement between the Department, the county executive officers, and the Civil Service Commission.

(c) The Department's Office of Manpower and regional offices will monitor and verify the civil service personnel appointment. Appointments and changes, such as filling vacancies in an already approved position for full-time, part-time, and temporary employes, shall be processed in accordance with the procedures contained in the personnel action guide.

(d) State participation in salaries is not guaranteed until the action is processed in accordance with current personnel procedures.

(e) Fees charged to local authorities by the Civil Service Commission are expenses eligible for Department reimbursement.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services).

§ 3170.43. Personnel action plan.

In the case where the county program has a personnel action plan for personnel policies applying to contract agencies, initial determination of the participation level of Department/county funds for staff in the contracting agencies shall be that approved by the local authorities. The Department will preapprove the classification plan and minimum and maximum salary ranges which are submitted by a county as its personnel action plan. The Department will also review the actions by post audit using as its standards a set of functional job categories giving a maximum salary level against which funds allocated by the Department for county programming may be applied. The Department will not participate in costs which exceed the maximum salary levels.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services).

§ 3170.44. Employees.

(a) *Part-time employes.* The Department will participate in wages paid for actual number of hours worked. The Department will participate at the appropriate hourly rate for the job classification, as provided in the county civil service personnel compensation plan or the personnel action plan.

(b) *Temporary employes.* The Department will participate in the cost of salaries/wages for personnel hired as temporary help. The Department will participate at the appropriate hourly rate for the job classification as provided in the county civil service personnel compensation plan or the personnel action plan. Temporary employes may not be maintained on the payroll for a period exceeding 9 months.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.45. Collective bargaining agreements.

(a) The Department will not participate in that portion of a salary which exceeds Commonwealth compensation levels for the same classification. However, the Department will participate in salaries which exceed the county civil service personnel compensation plan, up to the limit of Commonwealth compen-

sation levels, when the salaries result from a collective bargaining agreement or when a collective bargaining rate is extended to employes in the same classification system.

(b) To insure financial participation by the Department, a copy of the bargaining unit agreement, including the compensation schedule, and a memorandum of implementation by an appropriate county or agency official shall be submitted to the Office of Manpower and the appropriate regional office.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.46. Participation in additional wage and salary costs.

(a) *Overtime.* The Department will participate in the cost of overtime. The appropriate county executive officers for determining personnel policies will be responsible for approving overtime, determining whether employes shall receive pay or compensatory time off, and ensuring that adequate controls are maintained to prevent the excessive use of overtime.

(b) *Standby time.* The Department will participate in the cost of compensation for employes who are required to be available for emergencies. As a maximum the Department will participate in either 25% of the employe's regular base pay for standby time or compensatory time off equivalent to 25% of standby time. If called to work, compensation will be computed at the employe's regular hourly rate, or if appropriate at an overtime rate. Determination as to whether an employe shall be paid overtime or receive compensatory time off shall be made by the appropriate county executive officers. Standby time is not considered hours worked for the purpose of overtime computation.

(c) *Call time.* The Department will participate in the cost of compensation for employes who are called to work outside their regular work schedule, and who are not on standby. As a maximum, the Department will participate in the appropriate rate for the hours worked or 3 hours pay at the employe's regular straight hourly rate, whichever is greater. Call time pay begins when the employe reports to the work site ready for work. Determination as to whether an employe shall be paid overtime or receive compensatory time off shall be made by the appropriate county executive officers.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.47. Employee benefits.

(a) *Generally.* The Department will participate in the cost of employee benefits. When a benefit is computed based on an employee's salary, Departmental participation is based on approved salary levels.

(b) *Workman's compensation insurance.* The Department will participate in the cost of Workmen's Compensation Insurance at the rate prescribed by the State Workmen's Compensation Act (77 P. S. §§ 1051—1066). When accident insurance programs are provided in lieu of workmen's compensation insurance premiums up to the amount which would be allowable if the county participated in workmen's compensation.

(c) *Social Security.* The Department will participate in the costs of Social Security at the rates and limits specified by the Social Security Administration.

(d) *Unemployment compensation.* The Department will participate in unemployment compensation premiums payable by employers under Federal or State statute.

(e) *Liability.* The Department will participate in the cost of providing liability insurance coverage for claims against employees resulting from actions committed while in the performance of their assigned duties. The Department will also participate in the purchase of coverage for volunteer workers and foster parents.

(f) *Retirement.* With respect to retirement, the county agency shall adhere to prevailing county practice. The Department will participate in these costs if the local authorities have a plan for the payment of those costs. Policies shall be submitted in writing for review by the Department. Changes in these policies shall be similarly submitted for review.

(g) *Hospital and medical insurance.* The Department will participate in the cost of providing hospital and medical insurance coverage. The maximum costs in which the Department will participate is the Commonwealth's contribution toward providing hospitalization and medical insurance for Commonwealth employees.

(h) *Supplemental health and welfare benefits.* The Department will participate in the cost of providing employees benefits such as pharmaceutical, dental, or vision care coverage. The Department will annually publish the maximum amount in which it will participate for supplemental health and welfare benefits. The appropriate county executive officers shall be responsible for approving the type and level of these benefits and for establishing eligibility requirements.

(i) *Life insurance.* The Department will participate in the cost of providing term life insurance which is comparable to coverage for Commonwealth employees.

(j) *Leaves.* With respect to annual and sick leave, and holidays, policies shall adhere to prevailing county practice. The Department will participate in these costs if the local authorities have a plan for the payment of these costs. Policies

shall be in writing and submitted for review to the Department. Changes to these policies shall be submitted for Departmental review.

(k) *Eligibility for employe benefits.*

(1) Consultants and personnel obtained through employe contractors are considered independent contractors engaged for specified services on fee-for-service or contractual basis and are not eligible for employe benefits from the county agency.

(2) Part-time employes who are anticipated to work at least 9 months, are eligible for benefits within subsection (a)—(j) under the following restrictions:

(i) The Department will only participate in 50% of the premium for hospital and medical insurance.

(ii) The Department will participate in contributions to a health and welfare Fund based on the part-time employe's work week. However, the local authorities are responsible for establishing eligibility requirements for health and welfare benefits.

(iii) The Department will participate in life insurance premiums for coverage which is based on the part-time employe's compensation.

(3) The Department will participate in the following benefits for temporary employes hired directly by the appropriate county executive officers and assigned to work under the direction of the county agency director, or employes hired directly by a program-funded agency:

(i) Workmen's compensation insurance.

(ii) Social Security.

(iii) Unemployment compensation as required by statute.

(iv) Liability insurance.

(v) Prevailing county government practice relating to leave and retirement for temporary employes.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.48. Staff development.

Training of staff shall be an allowable cost if the training is related to the objectives of the program or is essential for the continuation or improvement of the program. Staff development may include the training of personnel through in-service instruction and recognized professional education programs, or through attendance at State, regional, and national meetings, seminars or conferences. Training for staff shall be in or directly related to the field of children and youth social services. Expenses for staff training shall be authorized by the appropriate county executive officers.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.49. Purchased personnel services.

(a) *Consultants.* This is an allowable expense for programmatic or administrative reasons. The Department will participate in the cost for fees and expenses of professional practitioners and consultants who are not regular employees, but are engaged as independent contractors for specified services and reimbursed by contract for a specific fee. A written agreement is required for consultants. This agreement shall state the services to be provided, the rate, and the method of payment.

(b) *Fee determination.* The fee charged by such consultants shall be determined in accordance with § 3170.84 (relating to maximum levels of reimbursement).

(c) *Consultation by county employees.* Management level employees of the county agency shall not receive remuneration by acting as consultants or in another capacity, from agencies with which the county contracts for children and youth services. Other employees, including employees of program-funded agencies shall obtain approval from the appropriate county executive officers for services or consultations delivered to the county agency, or another agency with which the county contracts for services. The county executive officers shall exercise prudent judgment in granting approval.

(d) *Advisory committees.* The Department will not participate in compensation for members of the county advisory committee, other than reimbursement for actual expenses incurred in connection with meetings and other authorized work of the committee. Allowable expenses include meals, lodging, and transportation. The rates and requirements for Departmental participation in reimbursement for committee member's expenses will be published by the Department periodically, but not less often than annually. The Department will participate in the cost of providing liability insurance coverage for claims against committee members resulting from their official duties.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

OPERATING EXPENSES**§ 3170.51. Generally.**

The Department will participate in the costs of occupancy expenses.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.52. Rent.

(a) *Generally.* The Department will participate financially in the costs for buildings and offices rented by the county or county agency for use by the children and youth social service program. The amount of rent charged to a given program shall be prorated in direct relation to the amount of space utilized by that program. The cost of rent or the fair rental value charge of space per square foot shall not exceed the rental rate for similar space in that geographical area.

(b) *County/agency-owned buildings.* No rental charge may be made for space in debt-free county/county agency-owned buildings. However, maintenance, housekeeping, and utility costs may be charged to the Department on a proportional basis.

(c) *Mortgaged real estate.* Mortgaged real estate which is owned and operated by a county or county agency may be charged to the Department as a rental expense, except that no rental expense may be charged for a county court house. The amount charged shall be prorated in relationship to the percentage of space used by the county agency. The purchase price, or the total mortgaged value of the property, that is, the sum of mortgages on the real estate—shall not exceed the fair market value of similar real estate in the geographical area. The amount of these charges shall be the lesser of:

(1) The fair rental value of the space; or

(2) Only the actual cost of the principal and interest incurred in the mortgage amortization, including any amortized major renovation costs.

(d) *Fair rental value.* Fair rental value may be determined by securing an estimate from the local board of realtors or an independent real estate appraiser. Calculation of the fair rental value of real estate may not include the value of minor renovations, assets, or operating costs paid with Departmental funds. Appraisals shall be obtained in writing and shall specify the valuation approaches as well as all other components used in the estimate of fair rental value.

(e) *Amortization.* Purchased real estate shall be amortized for a minimum of 10 years.

(f) *Remortgaging.* For the purpose of claiming a rental expense to the Department, debt-free buildings may only be remortgaged when full justification is provided to, and prior written approval is received from, the appropriate regional office.

(g) *Major renovation costs.* Major renovation as defined in § 3170.73(a) (relating to renovations) may be included as a rental expense to the Department as described in subsection (c). However, the total of the rental expense—that is, the amortized cost of both the mortgage and the renovations—may not exceed the fair rental value of the space used.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.73 (relating to renovations); 55 Pa. Code § 3170.77 (relating to ownership); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.53. Utilities.

The Department will participate in the costs of utilities such as heat, electric, water, sewage, and fuel which relate to the occupancy of a building or facility.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.54. Taxes.

The Department will participate in the cost of taxes which an agency is required to pay as they relate to the occupancy of a building or facility.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.55. Supplies.

The Department will participate in the costs of office and related program supplies, including food and clothing, related to the administration of a program or the delivery of a service, particularly those services which help a child to remain in his own home.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.56. Communications.

The Department will participate in the costs for services and supplies related to communications, including telephones, postage, stationery, advertising, and printing.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.57. Travel and lodging.

(a) *Generally.* The Department will participate in travel expenses for the purpose of conducting official business of the county agency. Allowable expenses include transportation, lodging, and subsistence. Departmental participation will adhere to prevailing county practice but will, in no case, exceed the rates paid by the Commonwealth for its employees. The Commonwealth rates and limitations for its employee travel reimbursement will be published periodically, but not less often than annually.

(b) *Staff transportation.* Transportation includes necessary travel on railroads, streetcars, buses, airplanes, taxicabs, and automobiles. Transportation costs on common carriers are allowable with the limitation that travel shall not be authorized as first class, unless lesser accommodations are not available. Travel shall be made by the most direct route.

(1) *Place of departure.* Reimbursement for transportation expenses is based on the premise that the place of departure is the headquarters of the employee. If the trip is begun or ended at a place other than headquarters, reimbursement is allowed from the starting point, only when the cost from the starting point to the destination is less than the cost from headquarters to the destination.

(2) *Local transportation.* Local transportation such as taxicabs, airport limousines, car rentals, and the like, are allowed when justified by the travel assignment.

(3) *Personal automobiles.* The Department will participate in a mileage allowance to reimburse employees for the use of personal automobiles when on official business for the county agency, or provider.

(4) *Additional allowances.* Parking charges, toll bridges, toll roads, and ferry charges are reimbursable to employes operating either personal automobiles or other authorized motor vehicles for official business of the county children and youth agency.

(c) *Lodging.* The Department will participate in lodging costs. Maximum lodging reimbursement may be exceeded only if lodging within the limit cannot be located with reasonable effort or the employe is required to stay at a particular hotel/motel due to the nature of the business. Reimbursement for lodging is not allowable for an employe within reasonable commuting distance from the employe's residence or headquarters, unless justification can be provided. Circumstances requiring overnight stay at a site within reasonable commuting distance, or requiring the employe to exceed the reimbursable lodging costs, shall be fully justified on the expense voucher.

(d) *Subsistence.* The Department will participate in a subsistence allowance for meals and personal expenses of employes on travel status. The subsistence allowance is to cover expenses not specifically provided for elsewhere in connection with lodging and transportation. Employes of the county agency may be reimbursed for luncheon and dinner meetings which they are required to attend in connection with their official duties, if they are not reimbursed in accordance with other provisions of this chapter.

(e) *Approval for staff travel.* Requests for out of county travel shall receive prior approval by the appropriate county authorities or their designee.

(f) *Travel expense vouchers.* Travel expense vouchers may be paid only upon submission of an expense voucher which shall be reviewed for compliance with regulations and retained in the County Financial Office for auditing purposes. On travel expense vouchers, regardless of the distance traveled, a separate entry is made to show the amount to be reimbursed for each item of expense, transportation, lodging, meals, and miscellaneous. Except for items costing less than \$10, which do not require receipts, receipts shall be attached to the expense voucher for:

- (1) Lodging and transportation charges.
- (2) Conference registration fees.
- (3) Parking charges, toll bridges, toll roads, ferry charges.
- (4) Local transportation—taxicabs, airport limousines, and the like.

(g) *Client transportation.* The Department will participate in the cost of providing transportation to clients receiving services. Transportation may be provided by a variety of means including, but not limited to: public transportation, taxis, ambulance service, the personal vehicles of county agency employes, agency-owned or leased motor vehicles, or motor vehicle pools.

(h) *Personal vehicles.* Departmental participation in transportation provided by personal vehicles or motor vehicle pools shall be on a mileage basis as contained in subsection (a). Participation in transportation provided by county-owned

or leased vehicles is outlined in § 3170.75 (relating to motor vehicles). Logs containing records and details of other types of transportation provided shall be maintained.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to established rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.58. Equipment.

(a) *Rental.* The Department will participate in the reasonable cost of equipment rentals in the case where normal usage of the equipment does not warrant its purchase.

(b) *Repairs and maintenance.* Normal repairs to equipment owned or operated by a county agency and the costs of maintenance are expenses in which the Department will participate.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.59. Bonding.

The Department will participate financially in the cost of surety and fidelity bonds for those children and youth program staff engaged in the financial affairs of the agency. The amount of bonds purchased shall be commensurate with the potential liability of the individual to be insured.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.60. Administrative overhead.

(a) *Generally.* Administrative overhead costs are those incurred for a common or joint purpose and are not readily assignable to one specific cost category. These costs are the supportive activities which are necessary to maintain the direct effort involved in providing the services. The activities include, but are not limited to: general supervision; bookkeeping; data processing; auditing; to the extent that these costs are not directly charged to the services being provided.

(b) *Department policy.* The cost of administrative overhead, as defined, shall be apportioned into the direct delivery cost of the services being provided. Thus,

in order to be claimed, the cost of general supportive activities provided to a program or another unit of a program's organization shall be apportioned into the service as an administrative overhead or indirect cost. The overall objective of the allocation process is to distribute the administrative overhead costs of the organization to its various services or cost categories in reasonable proportion with the benefits provided to these services or cost categories. In effect, this policy is indicating that there shall not include line item costs which are lumped together and labeled administrative overhead costs, but that costs charged by the program shall be specifically identified. Those costs that a program may have identified as administrative overhead or indirect costs thus become a direct cost, if they can be properly identified, documented, and allocated. This chapter outlines the limitations and methods by which administrative overhead costs may be apportioned. The limitations are as follows:

(1) Costs accumulated in the administrative cost center, as defined in the account structure, shall not be apportioned among the service cost centers. It is not the intention of this section to prohibit county agencies from allocating the portion of an administrator's or administrative staff costs that can be justifiably charged to the direct provision of a given service.

(2) In the case of general government, costs for elected officials, such as county commissioners, comptroller, and sheriff, shall not be included in the cost apportionment. The cost of general support services, however, such as data processing, central purchasing and supplies, and maintenance, may be included in the cost apportionment. When costs are claimed, they shall be specifically identified and shall be included in the cost allocation plan.

(c) *Methods for allocating administrative overhead.* The basis for allocating these costs is at the discretion of the program; however, this basis shall result in a fair and equitable distribution of costs, in direct relation to actual benefits accruing to the services to which the costs are charged. Programs shall note that when administrative overhead costs are allocated into direct services, these costs shall not be claimed for Departmental reimbursement as a separate nonallocated service or cost category. In order to claim administrative overhead costs, the program shall submit a copy of the cost allocation plan to the regional office for approval. They shall also submit prior-year financial data—that is, expenditure data for the most recent financial periods—in accordance with and in support of their cost allocation plan.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.61. Miscellaneous operating expenses.

(a) *Library expenses.* The purchase of books and documents, and subscriptions to journals are reimbursable expenses in which the Department will participate provided the subject matter is relative to children and youth social services, or related fields of study.

(b) *Membership fees.* Costs of membership in organizations serving the county agency are allowable for Departmental participation, provided that the membership is in a non-profit organization; the services provided are related to the county agency; the cost of the membership is reasonably related to the value of services or benefits received; and that the expenditure is not for membership in an organization which devotes a substantial part of its activities to influence legislation. Note that membership fees for individual staff members are not included under the term membership, and that they are nonallowable.

(c) *Moving expenses.* Moving costs for physical transfer of the county agency itself, or part of the agency, are an expense in which the Department will participate. However, the Department will not participate financially in payment of moving expenses for employees of the county agency.

(d) *Recruitment.* Costs incurred by the county agency in recruitment activities, such as help-wanted advertising or the use of employment agencies, are eligible for Departmental financial participation. Expenses incurred by an individual who is being recruited are not reimbursable.

(e) *Interest expense.* Interest paid for funds borrowed from a lending institution is an allowable expense in the case where funds are borrowed to meet the cash flow requirements of ongoing programs. The Department will not participate in interest costs for loans necessitated by any delay in payment to contractors or other providers of services caused by the county authorities or their designee. The Department will participate provided all of the following criteria are met:

(1) The children and youth program can document in writing that its cash flow requirements are such that obligation could not be met without borrowing funds.

(2) The loan was obtained at the lowest interest rate available as evidenced by quotations from three lending institutions.

(3) Invoices, expenditures reports, or other demands for payment from the Department will have been accurately completed on the forms and by the date prescribed by the Department.

(f) *Auditing expense.* The Department will participate in the costs of contracted audits performed on the county agency, its facilities, or providers of service.

(g) *Insurance.* The Department will participate financially in the cost of insurance premiums incurred by the agency to protect its equipment, supplies, and other insurable items, from loss by theft, fire, flood, and the like.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

FIXED ASSETS**§ 3170.71. Defined.**

Fixed assets are major items which can be expected to have a useful life of more than 1 year, or which can be used repeatedly without materially changing or impairing their physical condition by normal repair, maintenance, or replacement of components, and which have a purchase price of \$300 or more.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.72. Real estate.

The purchase of land or buildings, or the construction of buildings or facilities, may not be expensed using Departmental funds. However, mortgaged real estate which is owned and used by a facility may be charged as a rental expense until it is debt free as outlined in § 3170.52(c) (relating to rent). Expensing refers to paying for an item in full at the time of acquisition or within the fiscal period in which it was acquired.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.73. Renovations.

(a) *Generally.* Renovations are considered to be an adaptation of available space within a completed structure. Minor renovations may be expensed; however, major renovations shall either be borne by the owner or charged as a rental expense.

(b) *Minor renovations.* Minor renovations are defined as renovation costs which do not exceed \$2,000. These renovations may be expensed to the Department within the fiscal period in which they occur.

(c) *Major renovations.* Major renovations are defined as those costs for renovations which are \$2,000 or greater. The Department will participate financially

in the cost of major renovations as a rental expense as described in § 3170.52(c) (relating to rent) provided the following conditions are met:

- (1) The renovation shall be let for bids in accordance with § 3170.94 (relating to bidding and procurement) and the County Code (16 P. S. §§ 101—2902).
- (2) The cost of the renovation shall be amortized for a minimum of 3 years.
- (3) The rental charge shall not exceed the fair rental value of the space being utilized.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.52 (relating to rent); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.74. Equipment purchase.

The Department will participate in the approved cost of equipment purchased by counties for use in the children and youth program. Only those items which are essential to the operation of the program are allowable. The purchase of equipment shall be in accordance with the bidding and procurement requirements as contained in § 3170.94 (relating to bidding and procurement). When approved government rates are used by the county government for the purchase of office equipment, the county agency may purchase equipment at those rates in lieu of following the procedure outlined in § 3170.94.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.75. Motor vehicles.

The Department will participate in the purchase or lease of motor vehicles, and the operating costs of the vehicles. However, the Department encourages the utilization of general transportation resources. Therefore, the approval of the Regional Deputy Secretary is required before a motor vehicle may be purchased or leased. Approval shall be dependent upon demonstrated need and documented efforts to locate and utilize existing resources. The following points shall apply in the purchase or lease of vehicles:

- (1) Counties are encouraged to minimize costs by purchasing vehicles under the provisions of section 2403 of The Administrative Code of 1929 (71 P. S. § 633) which allows for counties to take advantage of special prices given the Commonwealth by making purchases in cooperation with State purchases.

(2) Where purchase of vehicles are not made through the provisions of The Administrative Code of 1929 (71 P. S. § 633), county programs shall make use of a competitive bidding process.

(3) The personal use of motor vehicles by employees is prohibited. A daily log detailing the use of vehicles, as well as any maintenance or service activities, shall be maintained.

(4) County programs are to explore cost differentials between leasing and purchase of vehicles and to opt for the least expensive alternative.

(5) The Department will participate in the cost of a vehicle either through expensing or amortizing of a loan for the purchase of the vehicle.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.57 (relating to travel and lodging); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.76. Replacement allowances.

The Department will participate in a usage payment for equipment costs or that portion of equipment costs which were not expensed to the Department or paid for with Departmental funds. To claim a replacement allowance, all of the following conditions shall be met:

(1) Proposals shall be reviewed and approved by the regional deputy secretary prior to the purchase or acquisition of the item.

(2) The individual use allowance payments shall be uniform, and determined by dividing the purchase price of the asset by its expected life. The total amount of payments shall not exceed the purchase price of the item.

(3) Use allowance funds received shall be placed into a restricted account specifically earmarked for the replacement of the equipment being claimed.

(4) The equipment shall be of a specialized nature and be deemed necessary and proper for the effective operation of the children and youth program.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

§ 3170.77. Ownership.

(a) *Generally.* Fixed assets purchased with the Department funds are the property of the Department and the county, based on a prorated ratio of the value for services funded on a State/county basis. The only exception to this policy is mortgaged real estate which is owned by an agency and charged as a rental expense under § 3170.52(c) (relating to rent).

(b) *Title to fixed assets under contracts or purchase of service agreements.* During the performance of the contract/agreement, title to fixed assets shall rest with the purchaser. During the performance and within 120 days after the termination or cancellation of the agreement, the purchaser shall not sell, donate, or dispose in any way or part, equipment purchased in full or part with county children and youth agency funds without written permission from the source of those dollars.

(1) Upon renewal of the agreement, fixed assets purchased under the original agreement or subsequent agreements shall be subject to this subsection.

(2) Upon termination or cancellation of the agreement, title to fixed assets shall revert to the funding source. Within 120 days of termination/cancellation, the funding source shall at its discretion:

(i) Take possession and reimburse other funding parties for their percentage of the remaining value based on an independent appraisal.

(ii) Direct that the equipment be sold according to an independent appraisal reflecting an acceptable fair market value of the item. The proceeds are then returned to the funding source and any other funding parties based on the percentage of their contribution.

(iii) Allow the fixed assets to be retained by the purchaser with an agreed amount being reimbursed to the funding source.

(c) *Title to fixed assets under Department reimbursement.* Title to an asset purchased by the counties using grant monies shall remain with the county agency.

(d) *Disposal of assets.* The county or agency may dispose of assets purchased under this subsection at its discretion. However, income received by the county or county agency when disposing of these assets shall be counted as a revenue to the agency, and be used to reduce the gross expenditures which the agency submits for Departmental financial participation.

(e) *Reimbursement of Department.* If a county or county agency transfers equipment from the county children and youth program the county or county agency shall reimburse the Department for its percentage of the remaining value of the equipment based on an independent appraisal of the equipment's value.

(f) *Ownership responsibilities.* In accordance with sound business practice, the holder of fixed assets shall:

(1) Maintain an inventory listing of fixed assets.

(2) Maintain and administer a program for the maintenance, repair, protection, preservation, and insurance of fixed assets to assure their full availability and usefulness.

(3) Utilize reimbursement for a loss, destruction or damage of fixed assets by using the proceeds to repair, renovate, or replace the fixed assets involved; crediting the proceeds as an income source to be applied against the cost of services rendered; forwarding the proceeds to the funding source.

(4) Perform an annual physical inventory at the end of the funding period/fiscal year by sighting and verifying the inventory listings. Discrepancies shall be documented and kept on file with the invoices, inventory reports, and other papers which are subject to audit.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.83 (relating to establishing rates); and 55 Pa. Code § 3170.85 (relating to responsibility of the county).

UNIT OF SERVICE FUNDING

§ 3170.81. Generally.

The Department will participate in the cost of purchasing services on a fee per unit of service basis.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); and 55 Pa. Code § 3170.23 (relating to purchase of service).

§ 3170.82. Guidelines governing purchase of service.

Residential services may be purchased or paid for only for those children whose custody is vested with the county agency, or who are receiving shelter care or juvenile detention services or who have been committed by the court to a facility for delinquents. Nonresidential services shall be purchased for children for whom the public agency has accepted responsibility, for children referred by the court under informal adjustment, and for children being diverted from the system by agencies exclusively operated for this purpose. The Department will reimburse the county for the cost of purchasing generic children and youth social services to a child regardless of income, including dependent, delinquent, mentally and physically disabled children, and drug and alcohol abusers.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); and 55 Pa. Code § 3170.23 (relating to purchase of service).

§ 3170.83. Establishing rates.

(a) When the county obtains social services for children under a purchase of service agreement, one of the following methods shall be used to establish the rate of payment and select the provider:

(1) The county may request bid proposals in writing. When using this method the county shall follow its practices established under the appropriate county code sections applicable to bidding and procurement of goods and ser-

vices. Contracts need not be awarded solely on the basis of the lowest bid received; however, county officials shall exercise prudent judgment in their selection of a provider. Therefore, the method and criteria used in evaluating all bid proposals received shall be documented and kept on file in the county. Maximum levels of Departmental reimbursement for unit of service funding are outlined in § 3170.84 (relating to maximum levels of reimbursement) and shall be considered by the county in developing its methodologies for evaluating bid proposals.

(2) The county may establish a maximum rate or range of rates for the service to be purchased. Rates shall be developed:

- (i) Considering the reasonableness of cost for the service.
- (ii) In an open and public manner.
- (iii) On an annual basis with necessary revision and update.

(b) Based on the rates, the appropriate county authorities shall negotiate agreements with providers of service. The policies as applicable in §§ 3170.41—3170.49 (relating to personnel expenses), 3170.51—3170.61 (relating to operating expenses), and 3170.71—3170.77 (relating to fixed assets) may be used as guidelines in developing the rate for the services. In addition the maximums outlined in § 3170.84 (relating to maximum levels of reimbursement) shall remain binding on the counties regarding the amount of costs in which the Department will participate.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); and 55 Pa. Code § 3170.23 (relating to purchase of service).

§ 3170.84. Maximum levels of reimbursement.

(a) The maximum level of reimbursement in which the Department will participate when services are provided on a unit of service basis shall be the lesser of:

- (1) That established by regulation, directive, or memorandum published by the Department.
- (2) That charged another government agency which purchases the same service from the provider agency.
- (3) That charged the general public as evidenced by a schedule of charges officially adopted by the provider.

(b) The county agency, the juvenile probation office, or the juvenile court shall determine the kind of service needed and together with the provider agency or facility determine the conditions under which the service shall be provided, except in the case where the child is diverted from final entry into the children and youth program. However, Departmental reimbursement will not be made for the specialized services to treat mental disabilities. Juvenile probation or other Commonwealth or Department sponsored programs shall not be allowed, nor

costs of providing services which are the responsibility of a school district under the Right to Education consent agreement between the Department and the Department of Education.

(c) At least quarterly, the children and youth social service program shall require an invoice from the vendor agency or facility for delinquents to which children have been committed by the court, respective to the name—or type—of service provided, units of service provided, the rate per unit of service, and the total amount charged—that is, the rate times number of units provided.

(d) Unless specified in the agreement, the cost of client services shall not include costs for research, or other activities not essential to the provision of service to the client.

(e) The cost of services provided by vendor may include training for persons involved in the direct provision of the service being purchased.

Notes of Decisions

General regulations for recordkeeping and regulatory monitoring through auditing do not authorize administrative agency to issue a bulletin for detailed cost reports by providers in order to receive Federal and State reimbursement. In addition, a regulation permitting administrative agency to set a maximum level of reimbursement by directive or memorandum does not authorize a specific cost-reporting process. Such cost-reporting process was a binding norm, not a generalized guideline, that had to be formally promulgated through the regulatory review process. *Northwestern Youth Services, Inc. v. Com., Dep't of Pub. Welfare*, 66 A.3d 301 (Pa. 2013).

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); 55 Pa. Code § 3170.23 (relating to purchase of service); 55 Pa. Code § 3170.49 (relating to purchased personnel services); and 55 Pa. Code § 3170.83 (relating to establishing rates).

§ 3170.85. Responsibility of the county.

The appropriate county authorities are responsible for obtaining the best possible rate for purchase of services by the county children and youth agency. In addition, the appropriate county executive officers shall be responsible for the effective execution of each purchase of service agreement. The policies as applicable in §§ 3170.41—3170.49 (relating to personnel expenses), 3170.51—3170.61 (relating to operating expenses), and 3170.71—3170.77 (relating to fixed assets) may be used as guidelines for obtaining or establishing rates.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); and 55 Pa. Code § 3170.23 (relating to purchase of service).

§ 3170.86. Charges to clients.

(a) *Fees charged the general public.* Providers of service participating in the county agency shall establish a standard schedule of fees for the public at large.

If they modify or abate these standard fees for any client, State funds shall not be used to meet, either directly or indirectly, any part of the operating deficit thus created.

(b) *Fees charged to clients of the program.* Providers of service participating in service provisions for the county agency shall accept the negotiated level of reimbursement as payment in full for the services provided. A provider shall not seek additional reimbursement from a client of the county agency.

Cross References

This section cited in 55 Pa. Code § 3170.11 (relating to purpose); 55 Pa. Code § 3170.22 (relating to direct provision of services); and 55 Pa. Code § 3170.23 (relating to purchase of service).

FISCAL MANAGEMENT OF COUNTY AGENCY

§ 3170.91. County responsibility.

The county is responsible for the general fiscal management of the county agency. This includes maintaining fiscal records of expenditures and revenues of the program, providing data for budgeting and expenditure reporting to the Department, monitoring the financial activities of the program, and other activities related to fiscal operations of the program.

§ 3170.92. Accountability for expenditures for clients.

(a) *Generally.* The appropriate county executive officers are responsible for the accounting of funds expended for children and youth social services.

(b) *Records maintenance.* County agencies shall maintain sufficient and appropriate records and data to justify payment for expenses by the Department. The local authorities or contractors shall maintain books, records, documents and other evidence and accounting procedures and practices, sufficient to reflect properly all direct and indirect costs of whatever nature claimed to have been incurred and anticipated to be incurred for funds supported by the Department and for which reimbursement is claimed. Records shall be kept for a minimum of 5 years after the close of the fiscal year. Time and attendance and payroll distribution records shall be maintained for each employee. Methods of keeping records is acceptable as long as it is complete and accurate.

(c) *Financial reporting requirements.* The Department has the authority to prescribe the format, instructions, and time at which the county agency shall submit to the Department annual plans, annual estimates of expenditures and revisions, as well as expenditure and income reports. The reporting period shall cover the period from the start of the calendar year, January 1st, through December 31st of each year. Reports shall be submitted for each calendar quarter, and, except as identified by specific instructions, be cumulative for the period. Reports shall be submitted by May 1st for the first calendar quarter, August 1st for the second quarter, November 1st for the third quarter, and February 1st for the agency's

annual report. The Department reserves the right to withhold future payments for non-submission of financial reports.

Notes of Decisions

General regulations for recordkeeping and regulatory monitoring through auditing do not authorize administrative agency to issue a bulletin for detailed cost reports by providers in order to receive Federal and State reimbursement. In addition, a regulation permitting administrative agency to set a maximum level of reimbursement by directive or memorandum does not authorize a specific cost-reporting process. Such cost-reporting process was a binding norm, not a generalized guideline, that had to be formally promulgated through the regulatory review process. *Northwestern Youth Services, Inc. v. Com., Dep't of Pub. Welfare*, 66 A.3d 301 (Pa. 2013).

Cross References

This section cited in 55 Pa. Code § 3170.95 (relating to accounting).

§ 3170.93. Contracts

(a) *Contracts between Department and counties.* The Department may enter into a purchase of service agreement annually with counties who wish to provide social services under Title XX and the comprehensive annual services program plan.

(b) *Purchase of service requirements.* The county shall maintain a written contract or purchase of service agreement with providers to which clients are regularly referred, or with which the county agency, the juvenile probation office, and the court have a continuing relationship. This includes program-funded facilities. The contract shall represent a legally binding agreement between the county and the provider, and shall be renewed annually.

(c) *Conformity.* The contract shall provide for conformity with the regulations or procedures promulgated by the Department. The contract shall specify the types of services provided by the contracting agency for the county. In the case of unit of service agencies, the rate of reimbursement for a service shall be cited. In no case shall a provider agency be retroactively awarded an increased rate of reimbursement.

(d) *Suspension or revocation of contract.* A county may suspend or revoke a contract if the contractor substantially fails to meet the regulations, standards, or terms of the contract during the period when the contract is in effect.

(e) *Service contracts or agreements.*

(1) Services purchased by contract or agreement shall bear the signature of the chairperson of the county commissioners, or a duly authorized representative, and the director or administrator of the service provider. Purchased service contracts or agreements shall also include the following:

- (i) Contracting parties and addresses.
- (ii) Effective date and term of the contract.
- (iii) Contracted amount or unit price and payment schedule.
- (iv) Provisions for contract modification, amendments, or termination.

- (v) Prohibition against reassignment of the contract without permission of the county.
 - (vi) Work statement, including the service provider's location and hours of operation.
 - (vii) Required reports for the county and the Department.
 - (viii) Maintenance and retention of required reports, documents, and accounting books.
 - (ix) Audit rights on the records in subparagraph (viii) and inspection rights of performance by the county and the Department.
 - (x) Procurement of liability insurance.
 - (xi) Client confidentiality and right of privacy.
 - (xii) Units of service to be provided and their definitions.
 - (xiii) A provision that the parties to the contract shall not discriminate against any employe, client, or other persons on account of race, color, sex, religious creed, national origin, age, or handicap.
- (2) Contracts or agreements between the county and a program-funded provider shall contain the following additional components:
- (i) Provisions for budget modification or amendment.
 - (ii) Property title rights for fixed assets purchased or materials, plans or procedures developed through the agreement.
 - (iii) A budget and fiscal statement of how fees or costs were determined.
 - (iv) Provision for the procurement of fixed assets.
- (3) Agreements shall be reviewed by the county solicitor who may require additional components beyond the requirements outlined in paragraph (2).
- (4) A narrative description of the services to be covered by the contract shall be included in the county's annual services plan. A signed contract becomes the authorization for the expenditure of funds for services identified by the agreement. Therefore, county agency funds cannot be expended for provider expenses until a contract is signed.
- (f) *Contracts with providers outside of the county and the county children and youth agency.* A county or county children and youth agency may purchase services from a service provider within the jurisdiction of another county. The services shall be purchased via contract or written agreement with the provider. If the provider is a program-funded agency, the payments received for the services shall be reported as income and subtracted from the gross expenses billed to the county agency of which it is part.
- (g) *Conflict of interest.* The appropriate county authority shall not make any contract or agreement with a person, company, or organization in which a member of the county children and youth staff has a financial interest; nor, shall the county authority contract with members in its own staff or their immediate families, except with the clear prior written approval of the regional office.

Cross References

This section cited in 55 Pa. Code § 3170.23 (relating to purchase of service).

§ 3170.94. Bidding and procurement.

(a) *Standards.* The county shall follow procurement and bidding standards prescribed by the appropriate county code. These standards and procedures also shall be followed by program-funded providers of service.

(b) *Responsibility.* The county executive officers are responsible for ensuring that the bidding and procurement policies outlined in this chapter and the appropriate county code are adhered to.

(c) *Purchasing through the State agency.* Purchases made by the county children and youth agency through section 2403 of The Administrative Code of 1929 (71 P.S. § 633) shall be deemed to meet the requirements of competitive bidding. The purchase of items through the piggy backing mechanism is encouraged by the Department.

Cross References

This section cited in 55 Pa. Code § 3170.73 (relating to renovations); and 55 Pa. Code § 3170.74 (relating to equipment purchase).

§ 3170.95. Accounting.

(a) Agency directors shall follow standard accounting principles and procedures for recording financial activity, and maintain ledgers in sufficient detail for necessary fiscal management and adhere to the policies prescribed in § 3170.92(b) and (c) (relating to accountability for expenditures for clients).

(b) Transactions entered in the records shall be identified in such a way as to permit them to be traced back to their source. Coding of these transactions shall be accomplished in a manner which shall enable county children and youth agencies to translate their financial accounts into the account structure prescribed by the Department for purposes of auditing and fiscal reporting.

(c) The county agency shall utilize the fiscal year beginning on January 1 and continuing through December 31 of that year.

PAYMENT PROCEDURE**§ 3170.101. Departmental payment procedures.**

A total of five payments shall be made each calendar year as follows:

(1) *Early January.* A combined first quarter and second quarter advance payment shall be made. Based on the county's annual plan and estimate, this advance shall be 50% of the State's share of the second quarter's estimated expenditures.

(2) *July.* A combined first quarter actual and third quarter advance payment shall be made. The first quarter actual shall be adjusted by the first quarter

advance which the county shall already have received and amounts due the Department for the county's share of youth development center placement. The third quarter advance shall be 50% of the State's share of that quarter's estimated expenditures—based on the annual plan and estimate and the first quarter actual.

(3) *September.* A combined second quarter actual and fourth quarter advance payment shall be made. The second quarter actual shall be adjusted by the second quarter advance which the county shall already have received and any amount due the Department for the county's share of youth development center and youth forestry camp commitments. The fourth quarter advance shall be 50% of the State's share of that quarter's estimated expenditures—based on the annual plan and estimate and the first and second quarter actuals.

(4) *December.* A third quarter actual payment shall be made. This shall be adjusted by the third quarter advance which the county shall already have received and any amount due the Department for the county's share of youth development center and youth forestry camp commitments.

(5) *March.* A fourth quarter actual payment shall be made. This shall be adjusted by the fourth quarter advance which the county shall already have received and amounts due the Department for the county's share of youth development center and youth forestry camp commitments. Overpayments shall be adjusted against a payment for the following year.

§ 3170.102. County share responsibilities.

The county shall pay the appropriate percentage of approved expenditures for the services being provided. These percentages are the county's obligation or the local share of the State-local ratio and are computed on the net expenditures after other sources of revenue, such as, private or civic donations, Federal, client or the value of in-kind services or equipment or furnishings donated to the program have been deducted.

§ 3170.103. Nonreimbursable costs.

Expenditures above the level of Departmental participation and those services funded without Departmental approval shall be the fiscal responsibility of the local authorities. The eligibility requirements included in the regulations refer to maximum level of reimbursement for which the Department will participate. The county may fund programs, services, and facilities at rates they elect. However, the expenditures above the approved levels are the responsibility of the county. In cases where the county funds at a lower level than that listed in policy, the Department will only participate in expenditures based on the lower level established.

§ 3170.104. Donation and gifts.

Donations and gifts made to, or specifically for the use of, the county agency are to be reported as income. Donations shall be considered as income to reduce total expenditures in arriving at eligible expenditures for Department participation. Nothing in this section precludes the county children and youth advisory committee from establishing a special fund for the donation of gifts for special occasions and specific individuals. Restricted donations or gifts need not be counted as income to the county children and youth agency.

§ 3170.105. Earned interest.

Interest earned by the county on Departmental funds shall be considered as other income to reduce total expenditures in arriving at eligible expenditures for Departmental participation. However, since interest is considered a legitimate revenue of the county, it is available for use by the county to increase the level of service provided. Interest cannot be used to offset the county's matching share, to fund nonchildren and youth related services, or county general expenses.

§ 3170.106. Auditing.

(a) The records of the county children and youth agency and its contracted service providers are subject at reasonable times to review and audit by the Department to determine compliance with regulations and policies.

(b) The county executive officers are responsible for the fiscal management of the county program; and, as part of this function, may conduct or contract to have fiscal audits performed on any providers of service receiving county funds. The county executive officers shall have access to and the right to examine records of the contracted provider of service involving transactions related to funds supported by county children and youth agencies.

(c) A subcontracted provider shall secure the services of a certified public accounting firm as required by the county executive officers or Department to perform an audit of the financial transactions and units of service provided related to the contract or agreement.

Notes of Decisions

General regulations for recordkeeping and regulatory monitoring through auditing do not authorize administrative agency to issue a bulletin for detailed cost reports by providers in order to receive Federal and State reimbursement. In addition, a regulation permitting administrative agency to set a maximum level of reimbursement by directive or memorandum does not authorize a specific cost-reporting process. Such cost-reporting process was a binding norm, not a generalized guideline, that had to be formally promulgated through the regulatory review process. *Northwestern Youth Services, Inc. v. Com., Dep't of Pub. Welfare*, 66 A.3d 301 (Pa. 2013).

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