



wisconsin department of
children & families

201 East Washington Avenue, Room E200

P.O. Box 8916

Madison, WI 53708-8916

Governor Scott Walker
Secretary Eloise Anderson

Division of Safety and Permanence

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Child Welfare Licensing Memo Series 2012-07

To: Private Child Placing Agencies
Residential Care Center Providers
Group Home Providers
Shelter Care Providers

From: Ron Hermes 
Bureau Director

RE: **Allowable Cost Manual**

The DCF Allowable Cost Policy Manual has undergone a recent revision and is now available online at <https://dcf.wisconsin.gov/files/finance/fias/pdf/dcfallowablecostmanual.pdf>

This revision expands the previous manual by adding two additional chapters that we feel will be helpful to our providers. Recent reviews of provider agencies by the Fiscal Integrity & Audit Section have identified two primary areas that raise questions from the Department – unallowable/questionable costs and documentation of expenditures. These two areas are addressed in two new chapters added to the Allowable Cost Policy Manual.

Agencies should only charge expenditures to our programs that are reasonable, necessary, and that provide a benefit to the program. Some of the fiscal reviews have identified costs that do not meet these criteria. Chapter IV includes a list of costs that are generally considered unallowable. This list was compiled from federal cost principles, applicable laws and regulations, and DCF contract provisions and policies. Our intent is to provide a detailed list of items that will not be charged to DCF programs. This list should not be considered all inclusive. If you have a question if a cost is allowable or not, we recommend that you contact the Fiscal Integrity & Audit Section before incurring the expense.

Agencies are not prohibited from incurring unallowable costs; however, they cannot be charged to DCF programs. For example, you may wish to treat your agency employees to an annual employee picnic, party, or other outing. While it might be a nice way to thank your employees for their hard work, it does not meet the definition of reasonable and necessary and cannot be charged to our programs. Agencies are encouraged to set up or expand their current chart of accounts to include a cost pool or category for unallowable costs. *It is*

T 608.266.8787 F 608.266.5547 dcf.wi.gov

important to note that personal expenses of any kind should never be charged to DCF programs.

For expenditures to be allowable, they also need to be adequately documented. The reviews of providers have shown that documentation in some cases is lacking or non-existent. Expenses that are not adequately documented will be disallowed during a fiscal review.

Chapter V addresses proper documentation of costs and gives examples of a number of common cost categories and the minimum documentation that should be maintained to support the expenditure. Again, this list is not all-inclusive. *Please note that ATM withdrawals, debit card charges, and checks made payable to "cash" are not allowable without detailed supporting documentation.* If you have any questions on proper documentation, please contact the Fiscal Integrity & Audit Section at DCFAuditors@wisconsin.gov.

The June 2012 revision of the DCF Allowable Cost Policy is effective immediately.

REGIONAL OFFICE CONTACT: Area Administrator

CENTRAL OFFICE CONTACT: Barbara Loescher
Chief – Fiscal Integrity & Audit Section
Department of Children & Families
(608) 264-6992
Barbara.Loescher@wisconsin.gov