

**DEPARTMENT OF SOCIAL SERVICES**

744 P Street, Sacramento, CA 95814



October 24, 2002

COUNTY FISCAL LETTER (CFL) NO. 02/03-33

TO: COUNTY WELFARE DIRECTORS  
COUNTY WELFARE FISCAL OFFICERS  
COUNTY AUDITOR CONTROLLERS  
COUNTY PROBATION OFFICERS

SUBJECT: THIRD PARTY IN-KIND CONTRIBUTIONS FOR STATE GENERAL FUND  
PROGRAMS (SGF)

REFERENCE: CFL No. 94/95-38 dated February 21, 1995

This letter is to advise counties of a change in state policy allowing the use of a third party in kind contribution as match for SGF programs, i.e. the Supportive Therapeutic Options Program (STOP) which is funded at 70 percent SGF and 30 percent County. Private third party contributions are unallowable for Federally funded programs as outlined in CFL No. 94/95-38.

The purpose of this policy change is to provide counties the opportunity and flexibility to provide new or expanded services to children and families.

Third Party In-Kind Match Criteria

An in-kind contribution is defined as property (i.e. equipment) real property (i.e. space) and services (i.e. the cost of salary and benefits), which benefit a program and is contributed by a third party with out charge to the grantee, subgrantee, or a cost type contractor. The valuation placed on an in-kind contribution must represent what the cost would have been to the County Welfare Department (CWD) had they paid for the item or services themselves.

In order for CWDs to use third party in-kind contributions, the following conditions must be met:

- In-kind contributions can be used as the matching funds necessary to establish new or existing SGF programs. However, the in-kind match can not be used to supplant the county match required for existing SGF programs.
- The value of the in-kind contributions must be reported in the quarter in which the service is performed or the property/real property is purchased.
- The vendor contract must outline what the in-kind contribution will be and how it will be reported to the CWD.

- Counties must demonstrate that the in-kind contributions provided meet or exceed the county's share of cost. For example, the STOP program has a 30 percent county share of cost; therefore, the CWD must demonstrate that the in-kind amount is equal to or exceeds the 30 percent match required for the program. Note: the county has the option to combine the in-kind contribution with county dollars to equal the 30 percent county share of cost.
- The county shall add documentation of the actual amount of in-kind contributions provided by Community Based Organizations for SGF programs to the scope of the current single audit process completed annually by an independent auditor.
- The CWD will be responsible for ensuring the proper audit trail exists and must provide the documentation in the event of an audit or upon request by the CDSS.

If you have questions regarding use of in-kind contributions please contact your county analyst in the Fiscal Policy Bureau at (916) 657-3440.

Sincerely,

***Original Signed by Terrie O'Connor for  
Marge Dillard on October 18, 2002***

MARGE DILLARD, Chief  
Fiscal Systems and Accounting Branch

c: CWDA