

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



July 13, 2006

COUNTY FISCAL LETTER (CFL) NO. 06/07-06

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

SUBJECT: COUNTY CASH CLAIMING – REPORTING

The purpose of this letter is to remind counties of the cash claiming requirement for reporting costs on the County Expense Claim (CEC) and all other county claiming/reporting documents such as the monthly claims for the automated systems. The California Department of Social Services (CDSS) policy requires:

- A continuous cash flow basis (e.g., expenditures are reported when paid) for reporting costs (Manual of Policies and Procedures [MPP] Section 25-815.34); and
- Compliance with Generally Accepted Accounting Principles (GAAP) and the State Controller's Office Accounting Standards and Procedures for California Counties (MPP Section 25-200.7).

In addition, Federal Regulations at 45 CFR Part 95.13 states, "(b) we consider a State agency's expenditure for servicesto have been made in any quarter in which any State agency made a payment to the service provider." The definition of State agency at 45 CFR Part 95.4 is as follows: "State agency for purposes of expenditures for financial assistancemeans any agency or organization of the State or local government which is authorized to incur matchable expenses."

To clarify, if a county receives goods/services and an invoice in June 2006 (Fiscal Year 2005/06) but decides to pay the invoice in July 2006 (Fiscal Year 2006/07), the county must claim the costs when the payment is made (July 2006 or the July-September 2006 calendar quarter). Note that the county can not claim costs until the goods/services have been received and the payment made.

CDSS policy and federal regulations do not provide for an exemption or waiver from the cash claiming requirement. While the CDSS is responsible for prescribing county claiming policies and procedures, these policies govern only the claiming process and are intended to ensure that costs claimed for federal and state funding are reported consistently and are in compliance with the GAAP. As a general rule,

cash claiming requires that expenditures be reported in the month/quarter in which they are recorded in the county's official accounting records.

Each county is responsible for developing and maintaining their own internal fiscal procedures within these above parameters.

Should counties have any questions regarding this letter, please e-mail your question to fiscal.systems@dss.ca.gov.

Sincerely,

DOUGLAS D. PARK, Branch Chief
Fiscal Systems Bureau