

DHFS Allowable Cost Policy Manual
(as it relates to Service Coordination)

The Department of Health and Family Services (DHFS, or, The Department) has an *Allowable Cost Policy Manual* that provides general guidance to all grant fund recipients (including Wisconsin Counties). Grant funds from the Department may only be used for allowable costs. The *Allowable Cost Policy Manual* sets forth the principles for determining the allowable costs of programs from the Department. The purpose of these principles is to determine costs, and they do not dictate the extent to which the Department will reimburse these costs. They are designed to provide that the Department's programs bear their fair share of costs, except where restricted or prohibited by law or contract. There is no intent for grant recipients to make a profit or other increment above allowable costs, except where specifically authorized by Wisconsin Statutes.

The *Allowable Cost Policy Manual* does not provide guidance specifically targeted to services such as Service Coordination, but instead provides general principles for any program expenditure. The following principles apply universally: (excerpted from the *Allowable Cost Policy Manual*):

In order to be allowable for reimbursement by programs funded by the Department, all costs must meet the following general criteria:

- Be necessary and reasonable for proper and efficient program administration and allocable thereto under these guidelines. A cost is *reasonable* if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining the reasonability of a given cost, consideration shall be given to:
 - whether the cost is ordinary and necessary to the operation of the agency or to the performance of the award;
 - the restraints or requirements imposed by such factors as sound business practices, arms-length bargaining, laws and regulations, and terms and conditions of the program;
 - the market prices for comparable goods and services;
 - whether the individuals involved acted with prudence considering their responsibilities to the agency, the public at large, and the granting agency; and
 - whether the costs were incurred in accordance with the agency's established procurement policy

As relates to Service Coordination, each cost component of service coordination would be addressed under the *Allowable Cost Policy Manual* specifically. The "Selected Items of Cost," section lists each item that a County may include in their Service Coordination rate, i.e., compensation (salary and benefits), travel of the employee, overhead, direct and indirect costs, and any other cost. Each County applies these principles to their cost estimates for Service Coordination (and any other service) independently. Please see attached data of County Service Coordination Rates.

To see the *Allowable Cost Policy Manual* in its entirety:
<http://dhfs.wisconsin.gov/Grants/Administration/ACPM.HTM>