

NC DEPARTMENT OF
**HEALTH AND
HUMAN SERVICES**

Commercial Off-The-Shelf (COTS) Products

NC DHHS Guidance for County DSS Agencies

April 2021

COTS Overview

- This guidance relates to circumstances in which counties wish to procure a Commercial Off-The-Shelf (COTS) product **designed to support one or more federally funded programs administered by a county DSS agency**
 - *This includes products involving only licensing subscriptions*
- In general, COTS products are **ineligible for Federal Financial Participation (FFP)** under CFR, Part 95, Subpart F.
- A federal waiver is required for states and/or counties to use a COTS product for DSS programs and draw down FFP
- NC DHHS is supportive of local ingenuity and wants to assist counties in maximizing allowable revenue.
- This guidance is designed to be as minimally intrusive as possible in county processes and decision making, while still meeting federal requirements and protecting state and county investments

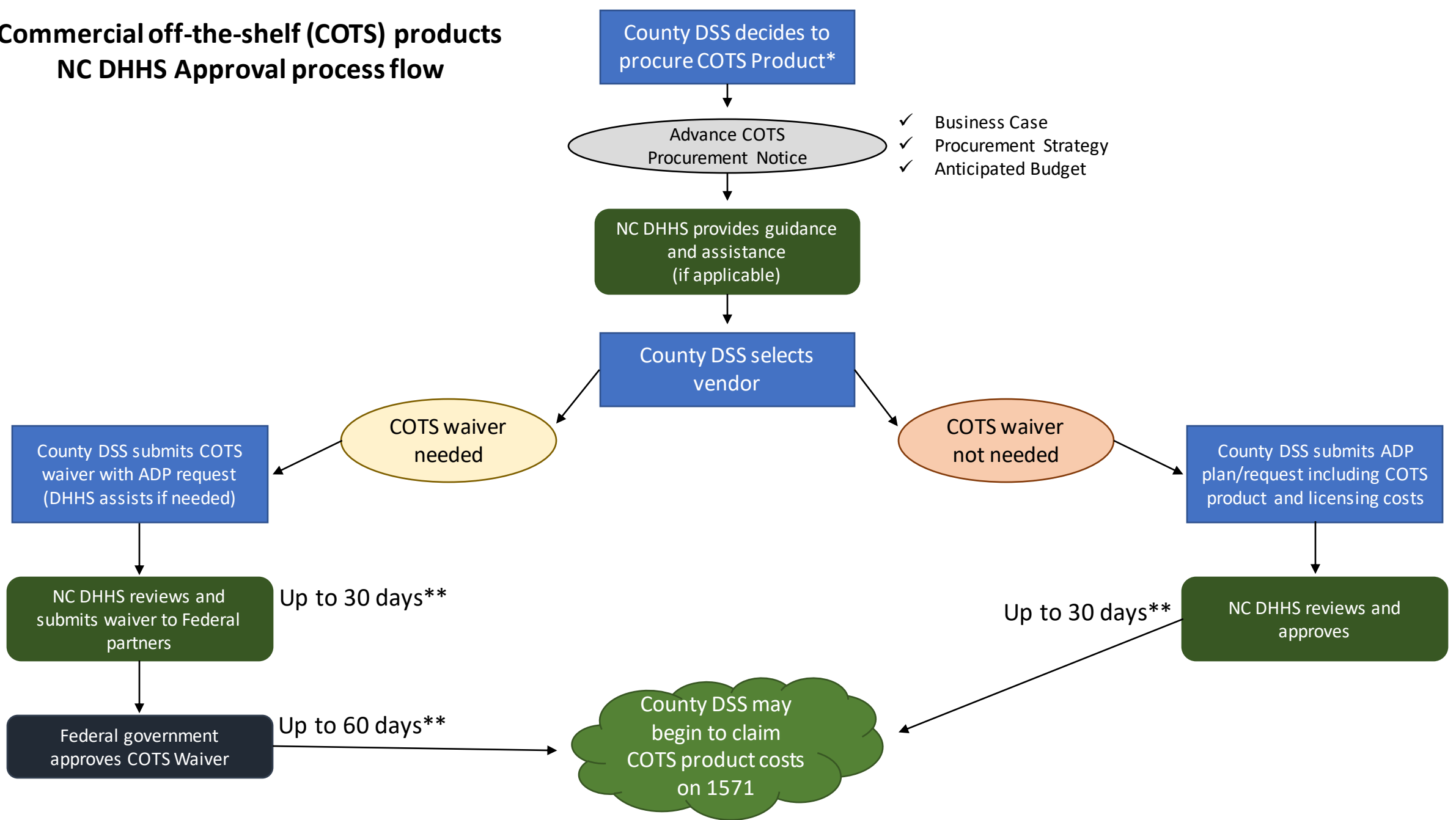
COTS Guidance

- Going forward, NC DHHS will require **advance notice** of counties' intentions to procure COTS products designed to support federally funded programs administered by a county DSS agency. **Advance notice should be sent to ncdsscomputerplans@dhhs.nc.gov**
 - Advance notice should include an overview of the business case, the intended procurement strategy, and the anticipated costs (initial and ongoing)
- When/if a vendor is selected, a COTS waiver may need to be submitted (unless the State already has an approved COTS waiver for that specific vendor product). If the State already has a COTS waiver for that product, a copy of that waiver will be shared with the county for review, in case any details of the county agency's agreement with the COTS vendor differs from what is stated in the existing waiver.
 - COTS waivers must be submitted as an attachment to your ADP request and/or annual ADP plans
 - Approval by NC DHHS and federal partners is required prior to claiming costs on the 1571 (30 days for NC DHHS and 60 days for our federal partners)
- A COTs waiver should contain the following information:
 - Alternatives Analysis and Feasibility Study
 - Business Case and Justification of Use
 - Benefits of Use
 - Transition Plan and Future Procurements
 - Competitive Procurement
 - Risk Mitigation Plan

Other COTS considerations

- Under certain conditions, the federal government requires prior federal approval for procurement. If the conditions are not met, FFP may not be allowable. With advance notice of your intentions to procure a COTS product, NC DHHS can assist you with ensuring that all requirements are met.
- [Comprehensive Child Welfare Information System \(CWIS\) Implications of COTS products:](#)
 - With the delays in rolling out our Statewide Child Welfare System, NC DHHS understands that some counties have made the decision to utilize new technologies to support their child welfare programs.
 - Once a system is ready to implement statewide, duplication and inconsistent use may impact the state's ability to maximize FFP and some local systems **may** need to be decommissioned.
 - NC DHHS will work to develop plans with counties so they may continue leveraging beneficial and non-duplicative county-owned technology while still harnessing all core elements of the future statewide system.
- If you are considering the procurement of a COTS product designed to support one or more federally funded programs administered by your local DSS agency, or have recently contracted with a vendor for such a product and have not yet submitted an ADP request, please reach out to ncdsscomputerplans@dhhs.nc.gov

Commercial off-the-shelf (COTS) products NC DHHS Approval process flow



**Commercial off-the-shelf (COTS) product designed to support a federally funded program administered by a local county DSS*

***All timeframes quoted in this slide assume there are no major confounding factors, special circumstances, or unanticipated dependencies that require additional time for approval.*