



## North Carolina Department of Health and Human Services Division of Social Services

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Courier # 56-20-25

Beverly Eaves Perdue, Governor  
Lanier M. Cansler, Secretary

Sherry S. Bradsher, Director  
(919) 733-3055

May 13, 2009

### **RE: ARRA Administrative Funding for Food and Nutrition Services**

Dear County Director of Social Services:

The ARRA administrative funds have been released and the funding authorization has been posted on the DSS web site. It is crucial that spending of the ARRA funds be reported appropriately. North Carolina is one of 16 states nationwide that has been identified for auditing of the spending of the ARRA funds. The Division has a number of State reporting requirements as well as Federal reporting requirements. It is going to be essential that counties meet the requirements in order to retain the ARRA funds. The Division will review how the funds are spent and provide feedback and support to county DSS agencies.

Questions have come up regarding the ARRA funds. Hopefully the following questions and answers will be helpful.

#### **Question: What are the restrictions or parameters for expending the ARRA administrative funds?**

Answer: Counties may spend the ARRA administrative funds on any Food and Nutrition allowable administrative cost. Please follow the rules for determining allowable administrative costs that are outlined in the DSS Fiscal Manual.

#### **Question: What are the tracking requirements?**

Answer: The ARRA administrative funds come from a separate appropriation. They must be tracked separately from the regular FNS program. Separate DSS-1571 reporting instructions have been issued by the Controller's Office and are available at <http://www.ncdhhs.gov/control/socserv/reccorr2.htm>.

#### **Question: Can an agency use any part of the ARRA administrative funds to supplant current administrative costs?**

Answer: ARRA administrative funds may be used to supplant administrative costs **BUT** you would lose the Federal match. Counties would have to use 100% ARRA funds.

**Question: Can an agency use the ARRA administrative funds to purchase equipment?**

Answer: An Agency may use the funds to purchase equipment as long as the equipment is assigned and used 100% by FNS staff. Follow the direct charge guidelines in the Fiscal Manual.

**Question: Can an agency hire FNS staff using the ARRA administrative funds?**

Answer: Any staff hired using the ARRA administrative funds **MUST** be coded 100% to FNS. Staff who do not complete time sheets will have to sign a certification statement indicating that they are 100% FNS. If an agency wants to hire permanent staff using the ARRA funds, the position(s) must be posted with the local Employment Security Commission Office a minimum of five days before making the hiring decision.

**Question: When can an agency begin using the funds?**

Answer: County agencies can use the funds for March 2009 FNS expenses billed in April 2009.

**Question: Can any of the unspent 2009 ARRA funds roll forward to be used in FFY 2010?**

Answer: No. The FFY 2009 ARRA funds must be spent by end of service month September 2009 to be paid in October 2009.

**Question: When will I receive the second allotment of ARRA administrative funds?**

Answer: States will be notified about the FFY 2010 allocation in August 2009. The 2010 ARRA funds will be available October 1, 2009.

The important thing for county agencies to remember is that the spending of the ARRA funds **MUST** be tracked and reported separately. The State Division of Social Services will be monitoring how county agencies are spending the administrative funds between now and September 30, 2010.

If you have questions please call me at (919) 334-1234 or contact your Local Business Liaison.

Sincerely,



Dean Simpson, Chief  
Economic and Family Services

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