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Michael F. Easley, Governor

Carmen Hooker Odom, Secretary

December 1, 2005

Joel B. Anthony
Director, Office of Financial Services
Department of Health and Human Services
Administration for Children and Families
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Subject: North Carolina Families Accessing Services through Technology (NC FAST)
Advanced Planning Document Update

Dear Mr. Anthony:

The North Carolina Department of Health & Human Services (NC DHHS) acknowledges conditional approval of the Advanced Planning Document Update submitted December 3, 2004 for the NC FAST Project. The State agrees to comply with the three conditions outlined in the August 8, 2005 approval letter.

The first condition required the State to provide assurances that individual counties will not use State or Federal funds for changes they may need to make to utilize NC FAST. NC DHHS policy requires all county departments of social services to request and seek approval for projects including custom modification of purchased software, or purchase of software other than off-the-shelf software for general business or personal use. It further states that federal financial participation may not be claimed for development or acquisition of custom developed software, customization of off-the-shelf software, or purchase of specialized human services software without prior State approval. On November 4, 2005, the State sent a letter to Directors of all county departments of social services in North Carolina addressing this condition. It instructed counties not to include any expenditure for reimbursement for modifications to local case management systems in relation to interfacing with or utilizing the Service Delivery Interface (SDI). A copy of the letter is attached for your review. We are also updating the State's compliance requirements and audit guide document (Crosscutting Requirements) to include verbiage that will ensure county departments understand and comply with the requirements of this condition.

The second condition requires the State to provide assurances that if it elects to implement an automated information system via the services of a contractor, the State will conduct an open and free competition where potential bidders will be allowed to propose various solutions rather than the State specifying by name an automated system it wishes to transfer and implement. The State agrees to this condition and will include in the Request for Proposal (RFP) a statement requesting that Vendors propose alternative solutions they believe will best meet the requirements of NC FAST.

The third condition requires the State to reevaluate the methodology used in the allocation of costs among the benefiting federal programs and submit additional information that provides compelling justification for the child support share of costs. The NC FAST management team met with Child Support Enforcement Office (CSE) staff and reviewed function points in the Cost Allocation Methodologies tool (CAM) identified for CSE.

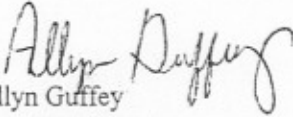


This review reduced the number of function points included from 25 to 21, thus reducing the CSE allocation from 6.79% to 6.30%. We also requested the DHHS Controller's Office review the process by which CSE's share was allocated to NC FAST via the CAM tool. CSE's share of costs is in part a reflection of the large number of county FTEs dedicated to that program and is designated as a "large" program per the CAM's definition of program size. Prior to submission of the next ADPU we will review the business requirements and determine any changes needed in the function points and update the CAM to reflect those changes. In addition, on November 9, 2005, Bonnie Knowles, NC FAST Project Director and Barry Miller, NC Child Support Enforcement Chief, had a teleconference with Federal Child Support representatives, Karen Anthony, James Hicks and Joseph Bodmer to discuss the cost allocation. Barry Miller stated during the teleconference that he understands and agrees with CSE's share of costs.

The NC DHHS management and NC FAST Project team extend our thanks and appreciation to members of your staff and members from the Centers for Medicare & Medicaid Services and USDA for their time and leadership provided in shaping our project direction to ensure the most positive outcome. We are confident NC FAST is effectively organized for success and has received the State and Federal support necessary to achieve our mutual goals.

If you have any questions, please contact Bonnie Knowles, NC FAST Project Director at (919) 661-4823 or email Bonnie.Knowles@ncmail.net.

Sincerely,


Allyn Guffey
Assistant Secretary
Finance and Business Operations

Attachment

cc: Karen Tomczak
Pheon Beal
Mark Benton
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