



STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES
DIVISION OF DEVELOPMENTAL DISABILITIES
P.O. BOX 45310 • Olympia, WA 98504-5310

August 7, 2007

TO: Developmental Disabilities County Coordinators

FROM: Branda Matson, County Day Program Services Manager
Division of Developmental Disabilities

**SUBJECT: Contract Relationship (County Program Agreement) with DSHS-
DDD**

I am providing you with this letter to serve as a summary of our conversation, at the ACHS meeting in Wenatchee, related to Contracts and to provide clarity.

Counties are considered vendors verses subrecipients in the contract relationship (County Program Agreement) with DSHS – DDD.

Circular A-133 states the following under section:

. 210 Subrecipient and vendor determinations.

- (a) **General.** An auditee may be a recipient, a subrecipient, and a vendor. Federal awards expended as a recipient or a subrecipient would be subject to audit under this part. The payments received for goods or services provided as a vendor would not be considered Federal awards. The guidance in paragraphs (b) and (c) of this section should be considered in determining whether payments constitute a Federal award or a payment for goods and services.
- (b) **Federal award.** Characteristics indicative of a Federal award received by a subrecipient are when the organization:
- (1) Determines who is eligible to receive what Federal financial assistance;
 - (2) Has its performance measured against whether the objectives of the Federal program are met;
 - (3) Has responsibility for programmatic decision making;
 - (4) Has responsibility for adherence to applicable Federal program compliance requirements; and
 - (5) Uses the Federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.



(c) **Payment for goods and services.** Characteristics indicative of a payment for goods and services received by a vendor are when the organization:

- (1) Provides the goods and services within normal business operations;
- (2) Provides similar goods or services to many different purchasers;
- (3) Operates in a competitive environment;
- (4) Provides goods or services that are ancillary to the operation of the Federal program; and
- (5) Is not subject to compliance requirements of the Federal program. As a vendor, DSHS is not required to provide a CFDA number for this contract and these expenditures should not be reported on your Schedule 16-Schedule of Expenditures of Federal Awards. Also, as a vendor receiving fee for service, the revenue should be recorded in your accounting system under BARS revenue account 338.68 – Intergovernmental Services Revenue/DDD.

In addition, you are required, through this agreement, to report your budget and billing by the funding source of the clients receiving Employment and Day services. This information is needed for tracking purposes by DSHS to ensure there is sufficient funding available for these services.

This information has been discussed and confirmed with the state auditor's office. If you have an auditor who works for the state and has questions related to this matter please have them call Teri Comstock, Accounting Manager (360)-725-2399, before they issue any potential audit findings

If you have additional questions please give me a call at (360 725-3405)

cc: Regional Administrators
Regional Business Managers
County Liaisons
Doug Washburn
Branda Matson
Bob Schaffer
Teri Comstock