



Agency of Human Services

**AHS/Department for Children and Families**

September 11, 2009

Mr. Robert Aaronson  
Director, Division of Cost Allocation  
Department of Health and Human Services  
26 Federal Plaza, Room 41-122  
New York, NY 10278

Dear Mr. Aaronson:

The Vermont Department for Children and Families (DCF) is seeking approval for a new method to drive the costs of newly purchased computers and computer equipment.

The new allocation method is called, "Quarterly Computer Inventory Count" and is designed to spread the cost of computers and computer equipment equitably among DCF funding streams.

DCF will use a computer inventory count by division (i.e. Business Office, Economic Services Division, Office of Child Support, etc) to spread the cost to the highest level within that division. The inventory count is maintained in a database called "DCF Inventory". The DCF Inventory system is updated as new purchases are made, when inventory is reassigned to another person and/or division during its useful life and when old inventory is taken out of service. This system will generate a quarterly inventory count of all computer inventory currently in use by the division to be used as a statistic for our CAP. This inventory statistic will drive the allocation of any new computer and computer equipment purchases that occurred during the quarter, which are identified in a separate program code that is identified in the attached narrative.

It should be noted that the DCF Division of Disability Determination will be excluded from this statistic because of Social Security Administration regulations specific to that division related to computer equipment.

Attachment A shows an example of a system generated report for the CAP statistic. The report contains a count of computers in each division of DCF. The division count is then divided by the department Grand Total count to determine the percentage of computers within each division. The percentage is used to drive a portion of the new computer and computer equipment purchase costs to the highest level method within that particular division – for an allocation example and allocation method descriptions also see Attachment A.

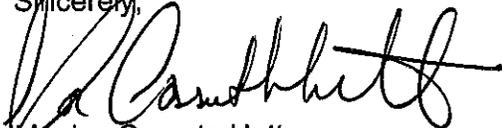
Attachment B describes the DCF annual physical inventory count. The physical inventory count will be performed annually on a randomly selected sample of computers in DCF. It will not be a physical count of all computers within the department. The DCF Inventory system will maintain our inventory count and will be updated as new purchases are made, when inventory is reassigned to another person and/or division and when equipment is taken out of service.

Attachment C is the DCF computer replacement policy which going forward will be on a three year cycle. At this time, approximately half of our inventory (approximately 500 computers) is three years old or older and in need of replacement. We plan on replacing these computers in the next few months and would like to use this new statistic to allocate the costs of the replacements.

In the past, DCF hasn't had the freedom to manage its computer inventory in the most efficient manner because computer purchase costs have been 100% direct charged to funding stream(s) within a particular division where the computer is located. This new allocation method will assign a portion of the cost of each new purchase to the highest level funding stream in each division. This will give us the ability to manage our inventory more efficiently and to move inventory from one division to another within DCF when needed.

Thank you for your consideration in this matter. If you have questions or concerns, please don't hesitate to contact Joan Adams at 802-241-2877.

Sincerely,

A handwritten signature in black ink, appearing to read 'Monica Caserta Hutt', written in a cursive style.

Monica Caserta Hutt,  
Director of Operations  
Department for Children & Families

**Vermont Department for Children and Families**

**Attachment A: Quarterly Inventory Report**

Count of Type	Program/D Total	Percentage of Grand Total
BO Total	24	2.47%
CDD Total	47	4.83%
COM Total	6	0.62%
ESD Total	378	38.85%
FSD Total	339	34.84%
ISD Total	46	4.73%
OCS Total	128	13.16%
OEO Total	5	0.51%
<b>Grand Total</b>	<b>973</b>	<b>100.00%</b>

**VT DCF Allocation Method - Direct to Computer Inventory Program Code 41031**

**Attachment A: Allocation example and Allocation Method Descriptions**

Division:	Percentage of Grand Total:	Costs to be allocated
Business Office (BO)	2.47%	616.65
Child Development Division (CDD)	4.83%	1,207.61
DCF Commissioner's Office (COM)	0.62%	154.16
Economic Services Division (ESD)	38.85%	9,742.23
Family Services Division (FSD)	34.84%	8,710.17
Information Systems Division (ISD)	4.73%	1,181.91
Office of Child Support (OCS)	13.16%	3,288.80
Office of Economic Opportunity (OEO)	0.51%	128.47
<b>Grand Total</b>	<b>100.00%</b>	<b>25,000.00</b>

**Allocation Method:**  
 The percentage of salaries by program in DCF compared to the total of all salaries in DCF (not including fringe).  
 Employee Salaries Across Child Development  
 The percentage of salaries by program in DCF compared to the total of all salaries in DCF (not including fringe).  
 Employee Salaries Across Economic Services (including field staff)  
 Employee Salaries Across Family Services (including Field Staff)  
 DCF Information Services Division Time Study  
 Employee Salaries Across Office of Child Support (OCS)  
 Employee Salaries for Office of Economic Opportunity (OEO)

\* This dollar amount is being used for example purposes only and does not represent an actual amount to be spent.

NOTE: The VT Department for Disability Determination (DDS) is excluded from this statistic since computer equipment costs will continue to be direct charged to DDS for inventory being purchased and used by DDS. All other DCF divisions are included in the statistic.

## Attachment B

**State of Vermont  
Department for Children and Families  
Information Systems Division**

<b>Policy/Procedure Name:</b>	<b>Physical Inventory</b>	<b>Issue Date:</b> 9/05/09
<b>Prepared/Revised by:</b>	<b>Angela Rouelle</b>	<b>Revision Date:</b>
<b>Related Process:</b>	<b>Physical Inventory</b>	<b>Frequency:</b> Annually

### Policy/Procedure Objective(s)

The primary objective is to audit the physical inventory annually in order to verify and update the DCF Inventory Database and to comply w/ the Asset Management procedure #1 set forth by the Vermont Agency of Administration related to the VISION system.

The DCF Inventory Database will be updated as new purchases are made no matter the cost, when inventory is reassigned or equipment is retired.

The VISION Asset System will be updated with new purchases that cost \$1,000 or more, when inventory is reassigned or equipment retired.

### Steps for the DCF Inventory Database

1. Between May 1 and June 1, a query will be run in the DCF Inventory Database to randomly select 100 computers proportioned appropriately across DCF divisions excluding Disability Determination Services and a report created.
2. A physical review of the equipment will be accomplished to compare to the report for accuracy.
3. If the audit inventory accuracy is less than eight percent (8%), any discrepancies will be noted and the DCF Inventory Database will be updated by June 15 with all adjustments and the annual physical inventory will be final.
4. If the audit inventory has an error rate of more than eight percent (8%) a full physical inventory will be accomplished:
  - a. A full report of all DCF computers will be printed from the DCF Inventory Database.
  - b. Each computer will be physically inspected and compared to the DCF Inventory Database print out.
  - c. The DCF Inventory Database will be updated by June 15 with all adjustments including additions and disposals of computer equipment as a result of the physical inventory taken.

### Steps for the VISION Asset System

1. Per the Asset Management Procedure set forth by the Vermont Agency of Administration a physical inventory of all computer equipment with an acquisition cost of greater than \$1,000.00 will be completed annually between May 1 and June 1.
  - a. All adjustments including additions and disposals of computer equipment as a result of physical inventories taken and completed annually must be made in the VISION system by June 15 of the same year.
  - b. Upon completion of a department's physical inventories an Asset Inventory Verification Form signed by the Agency/Department Head must be submitted to Financial

<b>Procedure Name:</b>	<b>Issue Date:</b>
<b>Prepared/ Revised by:</b>	<b>Revision Date:</b>
<b>Related Process:</b>	<b>Frequency:</b>

Operations by June 20th.

Finally, all documentation needed to support the findings of the physical inventory count and adjustments will be maintained for a period of at least seven years.

**Related Processes/Procedures**

Agency of Administration VISION Procedure #1  
 Maintaining the PC/Equipment Inventory  
 Replacement Cycle

**Timeline**

This process will take place at the end of each state fiscal year to be fully completed between May 1 and June 1.

## Attachment C

**State of Vermont  
Department for Children and Families  
Information Systems Division**

<b>Policy/Procedure Name:</b>	<b>Replacement Cycle</b>	<b>Issue Date:</b> 8/21/09
<b>Prepared/Revised by:</b>	<b>Angela Rouelle</b>	<b>Revision Date:</b>
<b>Related Process:</b>		<b>Frequency:</b> Annually

### **Policy/Procedure Objective(s)**

The primary objective is to replace computers in a cycle of three years so that warranty coverage is maximized. DCF should not have machines in cycle that are older than three years old and therefore will not be under warranty.

### **Steps**

1. At the beginning of each state fiscal year, a query will be run in the DCF Inventory Database to identify machines purchased more than two years in the past.
2. The list will be segregated into quarters.
3. A Deployment Plan will be written using the standard deployment plan template.
  - a. Quarterly
    - i. Each quarter the defined amount of computers will be purchased.
    - ii. The PC Support staff will image each computer.
    - iii. The PC Support staff will distribute the computers per the prescribed quarterly user list as defined in the deployment plan.
    - iv. The DCF Inventory Database will be updated to reflect the changes incurred by the recycle plan as each computer is placed.

### **Related Processes/Procedures**

Maintaining the PC/Equipment Inventory  
Physical Inventory Audit

### **Timeline**

The recycle query from the Inventory Database is run in July of each state fiscal year. Purchases and computer replacements take place quarterly.