

FORM OCSE-396: CHILD SUPPORT ENFORCEMENT PROGRAM QUARTERLY FINANCIAL REPORT
PART 1: EXPENDITURES and ESTIMATES

State:	Current (Claiming) Quarter Ended:	Next (Estimating) Quarter Ending:	Mark Initial Report	
			Box: Rev'd Report	
<i>66% FFP rate for all cost categories, except where noted</i>	Current Quarter Claims	Prior Quarter Adjustments	Next Quarter Estimate	
	(A) Total	(B) Federal Share	(C) Total	(D) Federal Share
			(E) Total	(F) Federal Share

SECTION A. EXPENDITURES

1a. Administrative Costs with Incentive Payments	\$	\$	\$	\$	\$	\$
1b. Administrative Costs: Reguar	\$	\$	\$	\$	\$	\$
1c. Administrative Costs: Non-IV-D	\$	\$	\$	\$	\$	\$
1d. Admin Costs w/ Incentives Under Waiver (No FFP)	\$		\$		\$	
2a. Program Income: Fees, Costs Recovered	\$	\$	\$	\$		
2b. Program Income: Interest, Other	\$	\$	\$	\$		
3. Net Administrative Costs	\$	\$	\$	\$	\$	\$
4. ADP Development Costs with APD Required	\$	\$	\$	\$	\$	\$
5. ADP Operational Costs with APD Required	\$	\$	\$	\$	\$	\$
6. Other ADP Costs without APD Required	\$	\$	\$	\$	\$	\$
7. Total Costs Claimed.....	\$	\$	\$	\$	\$	\$

SECTION B. FEES FOR SERVICES / FEDERAL & STATE SHARES of COSTS

8. (Reserved)						
9. Federal Share of Title IV-A Child Support Collections	From Form OCSE-34 Line 10b, Col G ==>	\$				\$
10. Fees: Federal FPLS.....	Enter Total Fee in Column B ==>	\$				
11. Fees: CSENet.....	Enter Total Fee in Column B ==>	\$				
12. Fees: Pre-Offset Svc.....	Enter Total Fee in Column B ==>	\$				
13. Adjustments	Enter Total Amount in Column B ==>	\$				
14. Net Federal Share of Expenditures.....		\$		\$		\$
15. State Share of Expenditures.....	Enter State Share Only in Column B ==>	\$	Enter State Share Only in Column D ==>	\$		\$

SECTION C. INCENTIVE PAYMENTS

16. Estimate of Earned Incentive Payments						\$
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This certifies that the information on this form is accurate and true to the best of my knowledge and belief. This also certifies that the State share of expenditures estimated for the Next Quarter are, or will be, available as required by law

Signature, IV-D Agency Director	Signature, Approving State Official
Date:	Date:
Typed Name, Title, Agency	Typed Name, Title, Agency

FORM OCSE-396: CHILD SUPPORT ENFORCEMENT PROGRAM QUARTERLY FINANCIAL REPORT
PART 2: PRIOR QUARTER EXPENDITURE ADJUSTMENTS

State:	Current (Claiming) Quarter Ended:	Mark Box:	<input type="checkbox"/> Initial Report <input type="checkbox"/> Revised Report
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(A) Total Adjustment	(B) Federal Share of Adjustments	(C) Funding Category *	(D) Applicable to Fiscal Quarter Ended	(E) Federal Audit Number (if any) Other Comments
SECTION A: INCREASING ADJUSTMENTS				
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$	<== TOTAL INCREASING ADJUSTMENTS		

SECTION A: DECREASING ADJUSTMENTS				
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$			
\$	\$	<== TOTAL DECREASING ADJUSTMENTS		
\$	\$	<== NET ADJUSTMENTS (Section A minus Section B)		

* **Funding Categories:** (with equivalent line numbers from Part 1):
 CEN - Administrative Costs Using Incentive Payments (66% FFP Rate: **FY 2009-2010, Otherwise 0% FFP Rate**): Line 1a.
 CENW - Administrative Costs Using Incentive Payments Under Waiver (0% FFP Rate): Line 1b.
 ADM - Administrative Costs (66% FFP Rate): Lines 1c and 1d
 INC - Program Income from fees, interest, etc. (66% FFP Rate): Lines 2a and 2b
 DEV - CSES Developmental Costs with an Approved Advanced Planning Document (APD) (66% FFP Rate): Line 4
 OPN - CSES Operational Costs with an Approved Advanced Planning Document (APD) (66% FFP Rate): Line 5
 ADP - CSES Costs where an Approved Advanced Planning Document (APD) is not required (66% FFP Rate): Line 6



INSTRUCTIONS FOR COMPLETION OF FORM OCSE-396

CHILD SUPPORT ENFORCEMENT PROGRAM QUARTERLY FINANCIAL REPORT

Paperwork Burden Statement. According to the Paperwork Reduction Act, as amended, no response is required to a collection of information request unless it displays a valid OMB Control Number. The valid OMB control number for Form OCSE-396 is 0970-0181. Public reporting burden for this collection of information is estimated to average 8 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project, Washington, DC 20503

General Instructions

Applicability: Completion of this report is required by each State with an approved title IV-D plan to administer the Child Support Enforcement Program under title IV-D of the Social Security Act.

The information reported on this form is reviewed by the Office of Child Support Enforcement (OCSE) and the Administration for Children and Families (ACF) to determine the allowability of reported expenditures, to compute quarterly grant awards and to provide program information reports to Congress. Determinations regarding whether reported expenditures are eligible for Federal funding under title IV-D will be made in accordance with applicable Federal statute, regulations and policy.

These instructions are intended to assist in the completion of this form and clarify the applicable Federal statutes, regulations and policies.

Where a conflict exists, this form and these instructions do not supersede such documents.

▪ **Due Dates.**

In accordance with regulations found at 45 CFR 304.25, each quarterly collection report must be submitted in conjunction with the quarterly expenditure report no later than 30 days after the end of each fiscal quarter, i.e., no later than January 30, April 30, July 30 and October 30, respectively.

• **Reporting Format:**

- Enter the name of the State.
- Enter the end date of the fiscal quarter being reported.
- Enter the report type. Check box to indicate whether this is a new report (first submission for that quarter) or a revision of a report previously submitted for the same quarter.
- Round all entries to the nearest dollar; do not include cents.
- Where there is no information to report for an individual data entry item, enter zero (\$0) or leave blank.

▪ **Submission.**

States are required to submit this form electronically through the ACF On-Line Data Collection (OLDC) system, which requires pre-registration and the use of an approved digital signature. Once submitted through OLDC, a duplicate paper copy should not be submitted either by mail, email or fax.

If any State is able to clearly demonstrate a lack of internet access, computer capacity or other circumstance that prevents electronic filing of Form OCSE-34, it may submit a written statement to the ACF Office of Grants Management requesting a one-year waiver from this online electronic filing requirement. If a waiver is approved, a paper copy, with an original signature, must be

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submitted to the ACF Office of Grants Management (address below), with an additional copy to the appropriate Regional Grants Officer.

Administration for Children and Families
Office of Grants Management
Division of Mandatory Grants
Att'n: Child Support Enforcement
370 L'Enfant Promenade, SW – 6th Floor East
Washington, DC 20447

For additional information, see Office of Grants Management Action Transmittal, OGM-AT-13-01, dated September 25, 2013.

- **Signatures.**

This report must be electronically signed (or hand-signed, if applicable) and dated by the State official responsible for the administration of the title IV-D program or other official responsible for the financial administration of this program. The individual signing this report is certifying to the correctness and accuracy of the information on this reporting form and on any accompanying documents.

- **Variances.**

On an attached page, each State must submit a detailed explanation of any increase or decrease greater than five percent for any data element of Part 1 compared to the same element for the previous quarter.

- **Revisions.**

If the State needs to change or correct its submission of Form OCSE-396 after the original copy is submitted by the due date indicated above, a revised report may be submitted. However, a revised report will not be accepted after the expenditures reported in the original submission have been used in the calculation of a quarterly grant award¹ - usually within 90 days after the end of the "current quarter." Any additional claims or other adjustments that must be reported after that time must be included as a "prior quarter adjustment" on a subsequent expenditure report, within the limits of any time constraints imposed by law or regulation. Revisions to the "next quarter" estimates will be accepted only in extraordinary circumstances. ¹**(Note:** An exception to this restriction will be made where a delay in the reporting of an increasing adjustment will cause the claim to be filed beyond the two-year filing deadline under Section 1132 of the Social Security Act.)

No re-submissions, revisions or adjustments of expenditure reports submitted for any quarter of the fiscal year will be accepted by OCSE later than December 31 - 3 months after the end of the fiscal year. Only data received by OCSE by that date will be used in the calculation of annual incentive payments and in the publication of statistical data.

PART 1: QUARTERLY REPORT OF EXPENDITURES and ESTIMATES

Definitions:

- **Total (Cols. A, C and E).** All expenditures and estimates for each cost item, including both Federal and State share components.
- **Federal Share (Cols. B, D and F).** Subject to a determination of allowability, this is the portion of expenditures or estimates claimed on each line of this report that is the responsibility of the Federal government. The Federal share reported in Cols B, D and E is computed by applying the appropriate Federal financial participation (FFP) rate for each cost category to the Total Expenditures or Estimates reported in Cols A, C and E
- **Non-Federal Share. (State Share.) (Line 15)** In accordance with its approved State plan, this is the total portion of expenditures or estimates reported on each line of this report that is the responsibility of the State government. This is also the State's certification that its share of the estimated expenditures, as reported in Col E, are or will be available for the non-Federal share of program costs. The Non-Federal share typically consists of grantee appropriated monies raised from non-Federal revenue sources.
- **FFP Rate.** The Federal Financial Participation rate is the percentage used to calculate the Federal share of total expenditures or estimates of individual cost categories within the Child Support Enforcement Program. The FFP rate is specified in Federal law and, unless noted otherwise in these instructions, the FFP rate for all cost categories for this program is **66 percent**.
- **Expenditures (Cols. A, B, C & D).** Under the requirements of 45 CFR 304.25(a), expenditures are actual payments made to vendors, service providers and contractors or for administrative, personnel, or other cost items. Include also indirect costs allocable to the quarter being reported in accordance with an approved cost allocation plan. To be allowable, all expenditures must be in accordance with the approved title IV-D State Plan and all applicable statutes, regulations and policies. For this reporting form the terms "expenditure" and "cost" are used interchangeably.

Expenditure estimates are not acceptable in these columns. "Advances" of funds to another State agency, a local agency or a private entity are not considered expenditures for these purposes. The amounts reported in these columns must be actual, verifiable transactions supported by readily available accounting records and source documentation or an approved cost allocation plan, as applicable.

Expenditures are considered made on the date the payment occurs, regardless of the date of receipt of the good or performance of the service. For State-administered programs, the date of this transaction by the State agency governs; for locally administered programs, the date of this transaction by the county, city or other local agency governs. Indirect costs are allocable in accordance with the cost allocation plan, and are considered to be "expended" in the quarter to which they are allocated.

- **Current (Claiming) Quarter (Cols. A and B).** These reports are due within 30 days of the end of the quarter. The "current quarter" is the quarter just ended. Expenditures reported in columns A and B were made in or are allocable to the "current quarter."
- **Prior Quarter Adjustments (Cols. C and D).** The Total and the Federal share of expenditures made in or allocated to a previous quarter that were either unreported or incorrectly reported on an

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earlier report. A Prior Quarter is any quarter that ended prior to the start of the current quarter for which expenditures are being reported and for which Federal funds are being claimed in these columns. The “net” amount – combining increasing and decreasing claims – is reported on each line in columns C and D. The individual increasing and decreasing claims are detailed and itemized on Part 2 of this report.

- **Claiming Deadline.** In accordance with Sec 1132 of the Social Security Act and Federal regulations at 45 CFR Part 95 Subpart A, increasing prior quarter adjustments must be reported by the State and received by this agency within 2 years of the last day of the fiscal quarter in which the expenditure was made. Claims for increasing prior quarter adjustments that fail to meet this deadline are subject to disallowance. There is no deadline for reporting decreasing prior quarter adjustments.
- ***Next (Estimating) Quarter (Cols. E and F).*** In accordance with the provisions of Section 455(b)(1) of the Social Security Act, this is the amount of expenditures that the State anticipates will be made in the upcoming fiscal quarter (the "Next Quarter"). This estimate should be based on historical trends, including seasonal, economic or other variations, and should include any costs applicable to a prior quarter for which payments are expected to be made in the next quarter. The ending date of the “next quarter” is always six months after the ending date of the “current quarter.” For example, if the current quarter is Quarter 1, the next quarter will be Quarter 3, etc.

Except where noted otherwise in these instructions, the Total “next quarter” estimate for each cost category is reported in Col E and the Federal share (as calculated by applying the appropriate FFP rate) is reported in Col F.

Line-by-Line Instructions

SECTION A. EXPENDITURES

Line 1a. IV-D Administrative Expenditures Made Using Funds Received as Incentive Payments. (No FFP) Administrative expenditures and estimates using annual incentive payment funds. Each State is required to spend the funds it received as incentive payments to carry out title IV-D program activities. The amount of incentive payments a State estimates it will earn each quarter is reported on Line 16. *Incentive payments remain available to the State until completely expended.*

NOTE: *Federal funding is not available for expenditures reported on this line (i.e., FFP rate = 0 percent). The Federal share claimed in Cols B, D and E will be zero. (Exception: The Federal share of allowable prior quarter adjustments applicable to FYs 2009 and 2010 and reported in Col D of this line is calculated at the 66 percent FFP rate*

❖ *[This is a direct entry in Columns A, C and E*

Line 1b. IV-D Administrative Expenditures. Expenditures for the routine administration and operation of the Child Support Enforcement Program.

Include:

- Expenditures made for fees charged for use of the Child Support Network (CSNet) and Pre-Offset services;
- Prior quarter expenditures made for laboratory costs. (Prior quarter adjustments for expenditures for laboratory costs made on or before September 30, 2006, and reported in columns C and D of this line remain eligible for Federal funding at the 90 percent rate. Calculate the Federal share accordingly.)

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- FMS service fees retained by the IRS for Federal tax refund offset collections.

Do Not Include:

- Expenditures made using funds received as the State's annual incentive payments. These expenditures must be reported on Lines 1a or 1b, as appropriate;
- Expenditures for Non IV-D administrative costs. These expenditures are reported on Line 1c;
- Expenditures for the planning, design, development, implementation, enhancement or operation of a Statewide Child Support Enforcement System (CSES). These expenditures are reported on Line 4, 5 or 6, as appropriate.
- Amounts used by the State in payment of a mandatory fee, where the State has opted to pay this fee rather than withhold this amount from a collection or require payment from either parent. Such a payment by the State is not classified as an "expenditure" under this program.
- ❖ *See "Special Reporting Instruction for Lines 9 Through 13," below.*
- ❖ *[This is a direct entry in Columns A and C. Calculate Columns B and D as 66% of the total.]*

Line 1c. Non-IV-D Administrative Expenditures. Expenditures for administrative costs associated with limited activity, required by law, in certain Non-IV-D cases. **Note:** A non-IV-D case is any child support case where there has been no assignment of support rights to the State or where the State has not received an application for Title IV-D services.

Include only those amounts that can be identified as incurred directly as a result of one of the following required activities:

- The submission to, and maintenance in, the State Case Registry of data with respect to each child support order established or modified in the State on or after October 1, 1998, in a Non-IV-D case;
- The receipt in the State Disbursement Unit of a Non-IV-D collection made through income withholding under a child support order, initially issued in the State on or after January 1, 1994 (as included on Line 2e of Form OCSE-34) and the disbursement of these collections by the State Disbursement Unit; and
- The reporting required by OCSE of financial and statistical information related to a non-IV-D case on this and other Federal financial or statistical reports.

Do not include:

- Expenditures for any other non-IV-D case activity, such as enforcement or maintenance of case records.
- Expenditures associated with any establishment, processing, collection or other activity not listed above for any other non-IV-D child support case.
- ❖ *[This is a direct entry of the total expenditure in Columns A, C and E. The Federal shares in Columns B, D and F are calculated as 66% of the total.]*

Line 1d. IV-D Administrative Expenditures Made Under the Terms of an Approved Waiver Using Funds Received as Incentive Payments. (No FFP). Administrative expenditures and estimates using annual incentive payment funds, but which required a waiver from one or more of the usual expenditure requirements. These funds are received by the State based on its estimate on Line 16 of this form and as reconciled following the end of the fiscal year.

NOTE: *Federal funding is not available for expenditures or estimates reported on this line (i.e., FFP rate = 0 percent). The Federal share claimed in cols B, D and E will be zero. [This is a direct entry of the totals in Columns A, C and E.]*

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Line 2a. Fees and Costs Recovered in Excess of Fees. The total amount of income received by the State, used to offset administrative costs.

Include:

- Mandatory or optional fees collected from recipients of child support enforcement services;
- Mandatory fees that the State has opted to absorb rather than collect from recipients;
- Amounts offset from collections or received directly from either the custodial or non-custodial parent; and
- Any collection fee the State has opted to charge for collection services for IV-D or non-IV-D cases that is not inconsistent with Federal law.
- Fees for laboratory paternity testing.
- ❖ *[This is a direct entry in Columns A and C. Calculate Columns B and D as 66% of the total. No estimate entry required for Columns E or F.]*

Line 2b. Interest Earned and Other Program Income Received. Other income used to offset administrative costs.

Include:

- Interest or investment income earned when child support collections, fees or other program income funds are deposited in interest-bearing accounts or used in other investment-type activities;
- Undistributable child support collections reported as “abandoned property” on Line 9a of Form OCSE-34, the “Quarterly Report of Collections;”
- As a decreasing prior quarter adjustment, any former undistributed collection previously deemed “undistributable” and escheated by the State as “abandoned property” which can now be either distributed to the custodial parent or returned to the non custodial parent. This amount must also be reported on Line 3 of Form OCSE-34.
- Interest assessed in accordance with State law on delinquent support payments made by non-custodial parents when this interest is retained by the State and is not considered additional support owed by the non-custodial parent or forwarded to the custodial parent;
- Any other income resulting from the operation of the program and not reported on Line 2a.
- ❖ *[This is a direct entry in Columns A and C. Calculate Columns B and D as 66% of the total. No estimate entry required for Column E.]*

Line 3. Net Administrative Costs. The net amount of Federal funding being claimed for program administrative costs.

- ❖ *[Calculate as Lines 1a + 1b + 1c + 1d Less Lines 2a +2b.]*

Line 4. Automated Data Processing (ADP) Expenditures for System Development Under the Terms of an Approved Advanced Planning Document (APD). Expenditures made in accordance with the terms of an approved APD for the planning, design, development, implementation or enhancement of an automated Statewide Child Support Enforcement System (CSES). No expenditures may be claimed on this line unless approved under the APD process found at 45 CFR Part 95 Subpart F.

Do not include:

- Operation and maintenance costs reported on Line 5;
- ADP costs associated with the development, purchase or operation of non-CSES systems used in day-to-day office procedures, such as personnel, payroll, travel, etc. These are routine administrative costs reported on lines 1a, 1b or 1c, as appropriate.

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- ❖ *[This is a direct entry in Columns A, C and E. Calculate Columns B and D as 66% of the totals in Columns A and C.]*

Line 5. Automated Data Processing (ADP) Expenditures for System Operation and Maintenance Under the Terms of an Approved Advanced Planning Document (APD).

Expenditures made in accordance with the terms of an approved APD for the operation or maintenance of an automated Statewide Child Support Enforcement System (CSES). No expenditures may be claimed on this line unless approved under the APD process found at 45 CFR Part 95 Subpart F.

Do not include:

- Planning, design, development, implementation or enhancement costs reported on Line 4;
- ADP costs associated with the development, purchase or operation of non-CSES systems used in day-to-day office procedures, such as personnel, payroll, travel, etc. These are routine administrative costs reported on lines 1a, 1b or 1c, as appropriate.
- ❖ *[This is a direct entry in Columns A, C and E. Calculate Columns B and D as 66% of the totals in Columns A and C.]*

Line 6. Automated Data Processing (ADP) Expenditures That Do Not Require an Advanced Planning Document. Expenditures made for the planning, design, development, implementation, enhancement, operation or maintenance of an automated Statewide Child Support Enforcement System (CSES), for which an approved APD is no longer required. The approved APD has been closed out by OCSE in accordance with Federal requirements.

Do not include:

- ADP costs associated with operating non-CSES systems used in day-to-day office procedures, such as personnel, payroll, travel, etc. These are routine administrative costs reported on lines 1a, 1b or 1c, as appropriate.)
- ❖ *[This is a direct entry in Columns A, C and E. Calculate Columns B and D as 66% of the totals in Columns A and C.]*

Line 7. Total Expenditures Claimed. This is the total amount of expenditures being reported and the portion being claimed for Federal funding.

- ❖ *[Calculated as Sum of Lines 3 through 6.]*

SECTION B. INCENTIVE PAYMENTS / FEDERAL SHARE / FEES FOR SERVICE

Line 8. (Reserved)

SPECIAL REPORTING INSTRUCTION for LINES 9 THROUGH 13

Any amounts entered on Lines 9 through 13 will reduce the reported Net Federal Share of Expenditures and will also reduce a subsequent grant awarded to the State.

Invoices are sent each quarter to the State Title IV-D agency for fees charged for services provided by the Office of Child Support Enforcement. The amount of each of those fees is reported on Lines 10, 11 and 12 of Column B, as applicable. By doing so, the State is reimbursing OCSE for the cost of the services provided; the fees will be subtracted from the Federal share of expenditures.

Amounts offset by the IRS from Federal tax refunds of the non-custodial parent are forwarded to the State through the accounting services of HHS's Public Health Service (PHS) and are subsequently distributed by the State to the custodial parent. On occasion, the IRS determines that a portion of the amount offset must be returned to the non-custodial parent, and the IRS recoups this amount from the PHS. The State must then repay this amount to the PHS and may attempt to recoup the overpayment from either parent, in accordance with applicable State law and procedures and Federal policy. The amount being repaid by the

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State to the PHS is reported as an "Other Fee or Adjustment" on Line 13 of Column B. This line may also be used to report any other fee-for-service or other payment to the Federal government as may be needed.

Fees paid by a State for its use of the Child Support Enforcement Network (CSENet) or for Pre-Offset Notice services, respectively, and reported on Lines 11 and 12, are considered to be routine title IV-D administrative expenditures and should also be included on Line 1b of this report as an "Administrative Costs: IV-D." Fees paid by a State for its use of the Federal Parent Locator Service (FPLS) and repayments made by the State to PHS (see above), and reported on Lines 10 and 13, are not considered administrative expenditures and must not be included on any other line of this report. (If the State elected to make these repayments by check, no repayment amount is included on Line 13. See instructions for Line 13, below.) (FPLS fees are paid solely with State funds and are not eligible for Federal funding (Section 453(e)(2) of the Social Security Act).

Line 9. Federal Share of Title IV-A Collections. The portion of child support collections used to reimburse the Federal government for its share of past assistance payments under title IV-A of the Social Security Act.

❖ *This is a direct entry in Column B, carried forward from Form OCSE-34, Line 10b, Col. G]*

Line 10. Fees for the Use of the Federal Parent Locator Service (FPLS). The quarterly fee charged to the State by OCSE for its use of the FPLS. (Report the total amount of this fee in Column B. See Special Instruction above.)

❖ *[This is a direct entry in Column B, carried from a quarterly invoice sent by OCSE.]*

Line 11. Fees for the Use of the Child Support Enforcement Network (CSENet). The quarterly fee charged to the State by OCSE for its use of CSENet. (Report the total amount of this fee in Column B. See Special Instruction above.)

❖ *[This is a direct entry in Column B, carried from a quarterly invoice sent by OCSE.]*

Line 12. Fees for Printing/Processing Pre-Offset Notices for the Federal Tax Refund Offset Program. The annual fee charged to the State by OCSE for the printing and processing of OCSE-issued pre-offset notices for the Federal tax refund offset program. (Report the total amount of this fee in Column B. See Special Instruction above.)

❖ *[This is a direct entry in Column B, carried from a quarterly invoice sent by OCSE.]*

Line 13. Other Fees or Adjustments. Enter on this line any other fees that may be imposed to reduce the Federal share. Also enter the amount of a repayment to the Public Health Service for IRS tax offset collections forwarded to the State and later returned to the IRS. (If the State elected to make these repayments by check, no repayment amount should be included on this line.) This line may be completed as needed. Any entry on this line should be accompanied by an attachment providing a thorough explanation. (**Note:** If any entry on this line is for the repayment of collections received from the offset of Federal income tax refunds, such repayment must also be included as a reduction to the amount reported on Line 2a of Form OCSE-34.)

❖ *[This is a direct entry in Column B, carried from a quarterly invoice sent by OCSE.]*

Line 14. Net Federal Share of Expenditures. The net amount of Federal funding being claimed by the State, as reduced by the Federal share of collections, fees and repayments.

❖ *[Cols. B and D: Calculated as Line 7 Minus Sum of Lines 9 through 13.]*

❖ *[Col. E: Calculated as (Line 7 x 66%) Minus Line 9]*

Line 15. State Share of Expenditures. The State share of expenditures to operate and administer the child support enforcement program under title IV-D.

❖ *[Col. B: Calculated as Line 7 (Col. A) Minus Line 7 (Col. B) Plus Line 10 (Col B)]*

❖ *[Col D: Calculated as Line 7 (Col C) Minus Line 7 (Col D)]*

❖ *[Col F: Calculated as Line 7 (Col E) Minus Line 7 (Col F)]*

Line 16. Estimate of Earned Incentive Payments. Enter the State's estimate of the incentive payment to be earned in the "Next Quarter." This amount is equal to approximately one-fourth of the State's estimate of its annual incentive payment. The State's estimate of its earned annual incentive payment is reconciled following the end of each fiscal year, based on the programmatic and financial information reported by the State for that fiscal year.

The State is required to spend these payments on its child support enforcement program and report those expenditures on Lines 1a or 1d, as applicable, in the quarter expended. There is no time limit for expending these funds. Once expended, the 2-year time limit for reporting these expenditures remains in effect.

❖ *[This is a direct entry in Column F.]*

PART 2: ITEMIZED PRIOR QUARTER EXPENDITURE ADJUSTMENTS

This part must be submitted as a supplemental supporting document whenever a "Prior Quarter Adjustment" (Columns B and C) is reported in Part 1 of this form. A net adjustment reported in Part 1 may be comprised of one or more individual increasing or decreasing components. Each of those components is to be itemized and shown separately on Part 2. Where a single adjustment encompasses several fiscal quarters, the portion applicable to each quarter must be itemized and reported on a separate line. (These requirements remain in effect even when combined increasing and decreasing adjustments produce a net result of zero dollars for the prior quarter adjustments reported in Part 1.)

General Instructions:

- Enter the State name.
- Enter the ending date of the current quarter from Part 1.
- Check the box to indicate whether this is a new report or a revision to a report previously submitted.

Definitions:

Section A: Increasing Adjustments. Each increasing component of the net adjustments included in Part 1. (**Note:** In accordance with Section 1132 of the Act and 45 CFR 95, Subpart A, claims for increasing adjustments are unallowable unless submitted within two years of the original expenditure date or otherwise meet one of the "exception" criteria found in the statute and regulations.)

Section B: Decreasing Adjustments. Each decreasing component of the net adjustments included in Part 1. The decreasing adjustments should be entered as positive numbers on this form.

Column A: Total Adjustment. The combined Federal/State total of each adjustment.

Column B: Federal share of adjustment. Determine the Federal share of each adjustment by multiplying the Total Adjustment in Column A by the FFP rate applicable to the funding category of this particular adjustment during the quarter in which it was made.

Column C: Funding Category. Indicate the funding category of the component(s) on each line as described at the bottom of the form.

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Column D: Applicable to Fiscal Quarter Ended. Indicate the ending date (Month and Year) applicable to the adjustment being reported.

Column E: Adjustment Identification and Explanation. Provide a sufficiently detailed identification and explanation for increasing and decreasing adjustments, attaching supporting documentation as needed in accordance with the following guidance:

- For audit related adjustments: Include the finding number and, if it has been reviewed by the HHS Office of the Inspector General, the Federal audit CIN - Common Identification Number.
- For any other audit: Provide appropriate audit identifying information for each adjustment associated with a particular audit.
- Other Disallowances (e.g., resulting financial report reviews, cost allocation plan reviews, site visits, etc. by federal staff): Provide a clear, sufficiently detailed explanation. Cite and attach any dated and signed correspondence as applicable.
- Significant Adjustments: Any single increasing or decreasing adjustment that equals \$200,000 (Total amount) or more or any group of increasing or decreasing adjustments within a single funding category that equals \$1 million (Total amount) or more, must be supported through a summary statement identifying the source and reason for the claim and additional detailed information (either in Column E or as a referenced attachment) on the rationale, basis, relationship to other claims submitted on this or previous form OCSE-396 reports, and calculation of the adjustment.
- Two Year Filing Limit: Any increasing adjustment submitted beyond the two-year filing deadline mandated under Sec 1132 of the Social Security Act (45 CFR Part 95 Subpart A) is unallowable unless the IV-E agency is able to thoroughly detail the nature of the claim, including an explanation establishing which of the four exceptions found at 45 CFR 95.19 supports acceptance of the untimely claim.
- Other Adjustments: Provide a summary statement identifying the source and basis for the adjustment.

Total Increasing Adjustments (Section A) / Total Decreasing Adjustments (Section B): The last line in each section should be the total of the entries for that section, combining all copies of this form as needed.

Net Adjustments. For both Columns A and B, subtract the Total Decreasing Adjustments in Section B from the Total Increasing Adjustments in Section A. The amounts entered in Columns A and B on this line must be identical to the amounts entered in Columns C and D on Line 7 of Part 1 of this form.

Submittal and Revisions. Part 2 of Form OCSE-396 is an attachment to Part 1 and, when needed to report prior quarter adjustments, should be submitted whenever an initial or revised Part 1 is submitted. A revision to this Part is subject to the same restrictions, procedures and requirements as stated for Part 1.