April 27, 2006

**Dear County Director of Social Services**

**Subject: Updated Contract Procedures for County DSS Offices**

In order to help counties in the preparation of county contracts effective for the State Fiscal Year 2007, the Division of Social Services in coordination with the Division of Aging and Adult Services, have developed new contract procedures that replace the Family Services Manual, Chapter IV, Volume VI. These procedures are located on our website at [http://www.dhhs.state.nc.us/dss/budget/contracts.htm](http://www.dhhs.state.nc.us/dss/budget/contracts.htm). These procedures are developed as a tool for the counties to ensure required documentation on all contracts has been properly acquired in order to ensure compliance with the single county audit. The new contract format is very similar to the current vendor/purchase of service agreement. We hope the new electronic format for retrieval of forms will provide a more user friendly process. It should be noted that it is permissible for counties to use their own forms/format but the contract must include the required information to be in compliance.

Please note any services purchased by a County Department of Social Services must have a contract unless the purchased service is covered by a specific program which does not require use of the new contract procedures. If the following conditions are met, a contract is needed for the purchased service:

1. The vendor provides the goods and services within normal business operations
2. The vendor provides similar goods or services to many different purchasers
3. The vendor operates in a competitive environment.
4. The vendor provides goods or services that are secondary to the operation of the Federal program.
5. The vendor is not subject to compliance requirements of the Federal Program.
If you need additional assistance or further information, please contact your LBL or Program Representative.

Sincerely,

Sarah L. Barham

cc: Sherry Bradsher Jane Smith
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BG-02-2006