COUNTY OF LOS ANGELES
COMMUNITY AND SENIOR SERVICES

DIRECTIVE

Number: CCD- 15 - 03	**SUBJECT: Cost Allocation and Indirect Cost Requirements for CSS Subawards**
Date: September 24, 2015	**Effective Date: Immediately**

TO: **ALL CSS SUBRECIPIENTS**

PURPOSE:

The purpose of this directive is to provide subrecipients with the requirements for submission and approval of cost allocation and indirect cost plans applicable to County of Los Angeles Community and Senior Services (CSS) subawards.

This directive will provide guidance on cost allocation principles, methods of allocating shared costs, and the development of cost allocation and indirect cost plans.

APPLICATION:

This directive applies to subrecipients and contractors funded by CSS through, but not limited to the following funding sources:

- CalWorks (from any fund source, i.e., Single Allocation)
- Older Americans Act
- Workforce Innovation and Opportunity Act

REFERENCES:

- 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230 - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule

BACKGROUND:

On December 26, 2013, the Office of Management and Budget revised the Uniform Administrative Requirements for Federal grants, combining those requirements with those of the audit requirements and cost principles. These regulations are codified at 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230, became effective December 26, 2014, and are referred to as the Uniform Guidance. These rules contain the guidance and criteria for the establishment of cost allocation plans and indirect cost rates.

DEFINITIONS:

Allocation means the process of assigning a cost, or a group of costs, to one or more cost objective(s), in reasonable proportion to the benefit provided or other equitable relationship. The process may entail assigning a cost(s) directly to a final cost objective or through one or more intermediate cost objectives. (2 CFR 200.4)

All costs that are allocated to cost objectives must be actual and not estimated and must be documented.

Cognizant agency for indirect costs means the Federal agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals developed under this Part on behalf of all Federal agencies. The cognizant agency for indirect cost is not necessarily the same as the cognizant agency for audit. (2 CFR 200.19)

Contract means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this Part does not include a legal instrument, even if the non-Federal entity considers it a contract, when the substance of the transaction meets the definition of a Federal award or subaward. (2 CFR 200.22)

Cost objective means a program, function, activity, award, organizational subdivision, contract, or work unit for which cost data are desired and for which provision is made to accumulate and measure the cost of processes, products, jobs, capital projects, etc. A cost objective may be a major function of the non-Federal entity, a particular service or project, a Federal award, or an indirect (Facilities & Administrative (F&A)) cost activity. (2 CFR 200.28)

Final cost objective means a cost objective which has allocated to it both direct and indirect costs and, in the non-Federal entity's accumulation system, is one of the final accumulation points, such as a particular award, internal project, or other direct activity of a non-Federal entity. (2 CFR 200.44)

Generally Accepted Accounting Principles (GAAP) has the meaning specified in accounting standards issued by the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). (2 CFR 200.49)

Indirect (F&A) costs means those costs incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect (F&A) costs. Indirect (F&A) cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived. (2 CFR 200.56)

Indirect cost rate proposal means the documentation prepared by a non-Federal entity to substantiate its request for the establishment of an indirect cost rate as described in the Uniform Guidance. (2 CFR 200.57)

Intermediate cost objective means a cost objective that is used to accumulate indirect costs or service center costs that are subsequently allocated to one or more indirect cost pools or final cost objectives. (2 CFR 200.60)

Modified Total Direct Costs (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and subawards and subcontracts up to the first $25,000 of each subaward or subcontract (regardless of the period of performance of the subawards and subcontracts under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, client support costs and the portion of each subaward and subcontract in excess of $25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs. (2 CFR 200.68)

To clarify, the first $25,000 of subawards or subcontracts applies to agreements between the CSS subrecipient and lower tiered level providers.

Pass-through entity means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program. (2 CFR 200.74)

Subaward means an award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. (2 CFR 200.92)

Subrecipient means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency. (2 CFR 200.93)

POLICY:

All CSS subrecipients must have approved plans for the allocation of shared costs to subawards and cost categories and for charging indirect costs to subawards.

Effective with the subawards made by CSS to subrecipients beginning July 1, 2015, subrecipients must develop written plans for cost allocation and indirect costs. **The plans must be submitted to CSS no later than October 7, 2015 for review. Submission of a plan does not automatically confer approval. CSS reserves the right to require changes to a submitted plan. Once plans are submitted by the subrecipient and approved by CSS, there can be no changes to the methodology except as required by CSS. For contracts with multiple contract years, the**

subrecipient will have an opportunity to request changes to the methodology and plan prior to April 1st of each contract year.

They must be forwarded to CSS at the following address:

County of Los Angeles Community and Senior Services
Attention: Compliance Division
3175 W. 6th Street
Los Angeles, CA 90020 and at
mtarver@css.lacounty.gov

All future CSS procurements, cost allocation and indirect cost plans will be required as part of the subrecipient's submission to a CSS Request for Proposal. Failure to submit plans that meet the requirements set forth in this directive will result in a nonresponsive proposal which shall not be considered for funding.

COST PRINCIPLES:

The Uniform Guidance requires organizations to follow the cost principles described in that document. These cost principles require, in general, that, to be allowable:

1. a cost shall be necessary and reasonable for the proper and efficient administration of the program;
2. be allocable to the program; and,
3. except as provided in the case of governmental subrecipients, not be a general expense required to carry out the overall responsibilities of the governmental subrecipient.

Whether a cost is charged as a direct cost or as an indirect cost shall be determined in accordance with the descriptions of direct and indirect costs contained in those cost principles.

Allocability: Allocability is one of the basic cost principles used in determining whether costs are allowable to federally funded subawards. Allocability is a measure of the extent to which a cost benefits the subaward in general and its cost objectives in particular. **To the extent that a cost does not benefit the program, the cost cannot be charged to the subaward.**

Consistent Treatment: For a cost to be allocable to a particular cost objective, it must be treated consistently with other costs incurred for the same purpose in like circumstances. A cost may not be assigned to a subaward as a direct cost if any other cost incurred for the same purpose, in like circumstances, has been allocated to an award as an indirect cost. Costs identified specifically with subawards are direct costs of the subawards and are to be assigned accordingly. Costs identified specifically with other final cost objectives of the organization are direct costs of those cost objectives and are not to be assigned to other awards directly or indirectly.

Example: The subrecipient has three case managers who perform identical duties, each serving a clientele from multiple programs. One case manager reports time as the basis for the costs associated with that position while the other two case manager salaries are allocated to programs based on number of clients served.

It would not meet the standard of consistent treatment to use different bases to allocate the same type of cost to programs. The salaries of the three case managers should be treated the same for all programs.

It is possible for a portion of a cost to be attributable to an indirect cost pool and another portion to be directly assignable to a program. In those instances, the subrecipient must take care to treat the costs consistently.

Example: A director has administrative responsibility for a youth program and a Area Agency on Aging (AAA) program and spends four hours a week teaching a class to youth participants on work skills. The remainder of the director's time (36 hours) is spent on general administrative duties of the subrecipient. For consistent treatment, the costs associated with time spent on administrative duties would be charged to all programs through the indirect cost rate while the four hours of teaching time can be charged directly to the youth program regardless of how the administrative costs were charged, since the teaching costs were not incurred for the same purpose as the administrative costs.

TYPES OF COSTS:

The total cost of a subaward program is comprised of the allowable direct costs incident to its performance, plus the allocable portion of allowable indirect costs, less applicable credits.

Direct Costs: Direct costs are readily identified with and directly charged to a specific cost objective. Direct costs may be specifically identified with and assigned to a final cost objective, such as a specific program cost category. Direct costs are charged directly to a final cost objective and do not require any further allocation or breakdown by the subrecipient.

For a direct cost to be assignable in its entirety to a particular cost objective, the cost objective must receive the full benefit from the goods, services, activities, or effort that make up that cost. In this instance, measuring benefit entails no more than identifying the full cost of the activity and assigning it to the correct cost objective.

Example: The salary cost of a staff person performing case management duties only for a specific fund source of the subrecipient is directly assignable to the program cost category under that program.

Example: The staff person in the above example performed case management duties for two programs serving clients from each program and documented the hours spent on each program on a time sheet. The salary costs would be a direct cost to both programs, based on the documented time sheet hours.

Shared Costs: Shared costs are costs that cannot be readily assigned to a final cost objective, but which are directly charged to an intermediate cost objective or cost pool and subsequently allocated to final cost objectives. These costs are incurred for a common or joint purpose benefiting more than one cost objective. These costs are similar to the general indirect costs in that it is easier to assign or allocate them based on some measure of benefit received than to assign them directly to final cost objectives.

When the direct measurement of benefit cannot be done efficiently and effectively, then it is appropriate to pool the costs for later distribution. An allocation base is the mechanism used to allocate the pooled costs to final cost objectives. Using the above example, instead of staff recording time spent by activity, the organization could use the relative number of clients in each activity or some other equitable basis for measuring benefit to each program. Care should be taken to ensure that the basis chosen does not distort the results and that the basis is appropriate to the cost objectives receiving the costs.

Any distribution of costs between programs or between direct and indirect costs must be documented. Estimates or verbal attestation is not sufficient. Auditable documentation must support the allocation of these costs.

Example: Three staff members provide case management services to clients in two CSS funded programs without regard to which program the clients are enrolled and it is difficult to identify time spent by client. The case managers' costs are directly assigned to the program cost category but are not readily assignable by type of client. The case managers' costs could be directly charged to a cost pool established to accumulate such costs and later distributed to the appropriate category using an appropriate allocation method, such as the relative number of clients enrolled.

Indirect Costs: These costs may originate in the subrecipient's own organization or in other departments that supply goods, services, or facilities to the CSS funded program. Most often, however, general indirect costs are costs that are incurred to support the overall operation of the organization, and for which a direct relationship to a particular CSS funded program cannot be shown without effort disproportionate to the results achieved. Indirect costs are charged back to the program using an indirect cost plan or rate. Indirect costs are required to have a documentable and approved basis of allocation.

INTERMEDIATE AND FINAL COST OBJECTIVES:

Costs that are not readily chargeable to a final cost objective are often aggregated into intermediate cost objectives, usually called cost pools, and are periodically allocated to final cost objectives using an appropriate allocation methodology. Cost pools can be established for any type of cost when it is beneficial or necessary to pool costs. All pooled costs must ultimately be allocated to the final cost objectives in proportion to the relative benefits received by each cost objective.

A cost objective is an activity for which separate cost measurement is performed. A further distinction is made between intermediate and final cost objectives. An intermediate cost objective can be a cost pool, center, or area established for the accumulation of costs, assigned to such dissimilar categories as organizational units, functions, objects, or items of expense. Final cost objectives include specific funding sources, cost categories, grants, program activities, projects, contracts, and/or other activities.

Cost Pools: Cost pools can be established for any types of common costs when it is practical or necessary to pool such costs.

Example: A subrecipient has staff members who conduct the initial intake for both a CSS program and other programs. An intake manager is responsible for overseeing and managing the client flow process, supervising the intake workers, and reporting to the deputy director. All costs are unassignable, initially pooled, and charged temporarily to an intake related cost pool account. These costs include the salary and fringe benefits of the line staff and intake manager, materials, phones, and other related costs required to carry out the intake function. Then, based on an approved formula that distributes costs based on benefits received by each program (such as the number of eligibility determinations completed for each program or the number of persons enrolled during the period), the costs are charged back to the appropriate programs.

Cost pools reduce some of the burden of tracking expenditures because they are vehicles for temporarily accumulating unassignable direct and indirect costs that later will be allocated to a particular program. As costs accrue, a formula based on the benefits received by each program dictates how these costs will be distributed and reported by program or cost category. This eliminates trying to assign all staff time and every expenditure by program or cost category at the time it is incurred.

NOTE: The allocation of pooled costs based on fund availability or percentage of funding source administrative dollars (contribution method) is not allowable.

ALLOCATION OF SHARED COSTS:

Allocating Shared Personnel Services Costs: Amounts charged to CSS funded programs for personnel services, regardless of whether treated as direct, shared or indirect costs, must be based on payrolls documented and approved in accordance with the established practice of the employing entity.

Standards for Documentation of Personnel Expenses: Charges to CSS subawards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the subrecipient;

- Reasonably reflect the total activity for which the employee is compensated by subrecipient, not exceeding 100% of compensated activities;
- Encompass all programs (both CSS and non-CSS);
- Comply with the established accounting policies and practices of the subrecipient; and
- Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one program; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.
- Budget estimates (i.e., estimates determined before the services are performed) alone do not qualify as support for charges to Federally funded subawards, but may be used for interim accounting purposes, provided that:

    - The system for establishing the estimates produces reasonable approximations of the activity actually performed;

    - Significant changes in the corresponding work activity (as defined by the subrecipient's written policies) are identified and entered into the records in a timely manner. Short term (such as one or two months) fluctuation between workload categories need not be considered as long as the distribution of salaries and wages is reasonable over the longer term; and

    - The subrecipient's system of internal controls includes processes to review after-the-fact interim charges made to the subaward based on budget estimates. All necessary adjustment must be made such that the final amount charged to the subaward is accurate, allowable, and properly allocated.

Because practices vary as to the activity constituting a full workload, records may reflect categories of activities expressed as a percentage distribution of total activities.

For records which meet the standards described above, the subrecipient will not be required to provide additional support or documentation for the work performed, other than the requirements of the Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR Part 516), for charges of nonexempt employees' salaries and wages. In addition to the supporting documentation described in this section, salaries must also be supported by records indicating the total number of hours worked each day.

Salaries and wages of employees used in meeting cost sharing or matching requirements on Federal awards must be supported in the same manner as salaries and wages claimed for reimbursement from Federal awards.

For local government subrecipients, substitute processes or systems for allocating salaries and wages to CSS subawards may be used in place of or in addition to the records described in the paragraph above if approved by the cognizant agency for indirect cost. Such systems may include, but are not limited to, random moment sampling, ``rolling" time studies, case counts, or other quantifiable measures of work performed.

Allocating Shared Nonpersonnel Services Costs: Nonpersonnel services costs, when directly associated with time worked by the subrecipient's staff, may also be allocated to the benefiting cost objectives based on documented distributions of actual time worked. These costs could include space costs, utilities, building maintenance, supplies, and other such costs correlated with staff usage. To use time distribution as the basis for allocation of nonpersonnel services costs, time worked must be an equitable measure of the benefit derived from nonpersonnel services costs.

Example: Desktop supplies are stored centrally and used by all staff in performing their jobs. It is reasonable to conclude that the supplies are used in the same manner and for the same purpose as the time spent by staff while using the supplies. It is acceptable to use time distribution as the basis for allocating the cost of desktop supplies to various cost categories.

ALLOCATION BASES:

When costs are pooled instead of being directly assigned to a final cost objective, the ability to directly assign benefit for each item of cost is lost. Instead, the pool contains a group of common costs to be allocated by using an indirect or approximate measure of benefit. The approximate measure of benefit is the allocation base. An allocation base is the method of documentation used to measure the extent of benefits received when allocating joint costs among multiple cost objectives.

Many different types of bases can be used in allocating costs. The most appropriate base will vary with the circumstances prevailing in each instance. An organization is likely to use several different bases for allocating different types of costs. Acceptable methods for distributing pooled costs may vary by type of organization, functional units or levels within an organization, types of cost to be allocated, and cost category. The basis used to allocate a particular type of cost should be used consistently over time and be described in the Cost Allocation Plan (CAP).

Acceptable Allocation Bases: An allocation base is acceptable if it represents a fair measure of cost generation or cost benefit, is documented, and if it results in an equitable distribution of the costs of services rendered or goods provided. Each base should be considered on its own merits as to the purpose for using it and the degree of equity it will achieve in allocating joint costs. In selecting a method, the additional effort and expense required to achieve a greater degree of accuracy should be considered. General criteria that should be used in selecting an allocation base include the following:

Minimal Distortion. The base should distribute costs in a fair and equitable manner without distorting the results. This requires that the base be as causally related as possible to the types of costs being allocated so that benefit can be measured as accurately as possible.

Example: It is appropriate to allocate pooled intake costs based on the proportionate number of eligible applicants per program, since there is a direct relationship between incurring intake costs and determining eligibility. It also is appropriate to use the number of new enrollments by program as the basis for allocating intake costs when enrollments provide an equitable measure of effort, since the benefit of intake is the eventual enrollment of clients into the programs.

General Acceptability. The base should be generally accepted and in conformance with GAAP. For example, it should be consistently applied over time. The base should also be drawn from the same period during which the costs to be allocated have been incurred.

Example: It is not appropriate to change the base for allocating a pooled cost from quarter to quarter, such as using direct program expenditures in the first quarter, number of clients served in the second quarter, and time distribution in the third quarter. It is also not appropriate to use last year's client data as the basis for allocating this year's expenditures.

Represents Actual Cost or Effort Expended. The base should be a measure of actual cost or actual effort expended. It should not be based solely on a plan, budget, job description, or other estimates of planned activity.

Example: Pooled costs may not be allocated to subawards on the basis of the proportionate amount of funds available from each funding source. It is generally not appropriate to use the relative amount of funds required to be spent as the basis for allocating this pool of costs since budgets are not a measure of actual activity or effort.

Timely Management Control. The base should be within management's ability to control on a timely basis. The base should produce reliable and fairly predictable results. If the base is erratic and unpredictable, beyond management's ability to control, or not timely, it is likely to produce unacceptable results.

Example: If a subrecipient uses client data as the base for allocating some of its organization-wide costs, it risks having the data used for allocation skewed by periods of poor performance. The inconsistency of a client population as the basis for allocation of its organization wide costs hinders management's control of organizational expenses.

Consistency with Variations in Funding. The base must be able to accommodate and withstand changes in funding during the year and from year to year. If the base includes factors that are affected by variations in funding, it will produce distorted results.

Example: It is not appropriate to allocate costs using a basis that does not include all benefiting funding received during the year. If an organization operates a six month funded program, then shared costs associated with that program must be included in the mix of activities during that six month period, or the distribution of costs may not be equitable.

Materiality of Costs Involved. The time and expense spent in developing the base should not be greater than justified by the materiality of the costs to be allocated. In other words, the grantee should not spend more on obtaining the information needed to allocate pooled costs than the dollars in the pool warrant. The base should be sufficiently detailed to provide the most equitable and accurate allocation possible. At the same time, the base should be simple enough to be efficient while still attaining a fair distribution of costs.

Example: It is not appropriate to fold a larger pool of costs, such as management staff costs, into another unrelated pool of costs rather than allocate the costs separately or to distribute staff costs equally among the programs. For pooled management staff costs, a base should be used that more accurately measures benefit to each program, such as direct time charges per program.

Practicality and Cost of Using the Base. The base should be as efficient as possible in terms of the cost or effort in developing it. Thus, wherever possible, a data base that already exists in the subrecipient's record keeping and reporting systems should be used rather than create a separate data base to be used only for allocating costs.

Example: It is appropriate and more efficient, without unduly sacrificing accuracy, to allocate client transportation costs using current enrollment data that is already available, rather than creating a separate data base on the exact number of clients receiving transportation assistance by type of client.

What Is the Best Base? There is no single answer to this question. The answer varies by type of organization, levels within an organization, organizational structure, method of program delivery, accounting and client reporting systems, types of costs included in the pool, and availability of other types of data to use as a base. The general guidelines presented here can be used to help with decision-making.

When choosing among available bases, a base should be chosen that is more directly related to, and the better measure of, the costs being allocated and the benefits being received.

Subrecipients are encouraged to develop and use appropriate expenditure bases (such as salaries and fringe benefits and total direct costs) and client bases (such as number of clients enrolled) to allocate joint costs. Where a subrecipient conducts several human services programs with multiple funding sources and uses an automated accounting system, an appropriate expenditure base is usually one that reflects time

spent or clients served. This is also a more easily managed base than using multiple bases or a base dependent upon additional sources of information.

Possible Bases for Allocation: Some possible bases for allocation are as follows. These are suggested bases only, and subrecipients are cautioned to review these bases for applicability to their programs. In addition, any base used for allocation of costs must comply with the requirements for an allowable base.

- Accounting - Number of transactions; direct labor hours; allowable survey methods
- Auditing - Direct audit hours; expenditures audited
- Budgeting - Direct labor hours
- Consumable Supplies - Total direct costs; direct labor hours
- Counselor - Direct labor hours; number of clients counseled
- Data Processing System - Usage; direct labor hours
- Disbursing Service - Number of checks issued; direct labor hours
- Fidelity Bond - Number of bonded employees
- Health Services - Number of employees
- Intake - Number of eligible clients; current period enrollments
- Legal Services - Direct hours
- Office Space - Square feet of space occupied; staff salary distribution
- Payroll Services - Number of employees
- Personnel Services - Number of employees
- Postage - Direct usage; acceptable survey methods
- Printing/Reproduction - Direct labor hours; job basis; pages printed
- Retirement System - Payroll; number of employees contributing administration
- Telephone - Number of instruments; staff salary distribution
- Travel - Mileage; actual expenses; direct labor hours
- Utilities - Square feet of space occupied; staff salary distribution

Unacceptable Allocation Bases: In general, unacceptable allocation bases are those that do not meet the general guidelines discussed above. Unacceptable bases are those that:

- Distort the final results
- Do not represent actual effort or actual expenditures
- Are not used consistently over time and with variations in funding
- Do not have an integral relationship to the types of costs being allocated.

Some commonly used bases that fall into this unacceptable category include the use of:

- **Relative funds available to allocate unassigned direct costs**
- **Job descriptions to allocate staff costs**
- **Fixed or predetermined number of staff hours assigned to an activity to allocate staff costs**
- **Planned client levels to allocate client-related costs**
- **Results from prior periods to allocate current period costs.**

- **Are based on budget or estimates**

DEVELOPMENT OF A COST ALLOCATION PLAN (CAP):

An allocation plan is a document that identifies allowable indirect and direct costs and is used to accumulate and distribute such costs. The allocation plan also identifies the allocation methodology used for distributing the costs. A plan for allocating joint costs is required to support the distribution of those costs to each subaward program. All costs included in the plan must be supported by formal accounting records to substantiate the propriety of the eventual charges.

Attached as Attachment A is a sample format for the development of a Cost Allocation Plan for the distribution of shared costs among CSS and non-CSS programs.

The subrecipient must identify all types of shared costs that will be allocated among programs and the methodology that will be used to make that distribution to cost objectives in the plan submission. The following are the procedures for the development of the plan:

1. Review Subaward Funding

Prepare a list of all funded programs of the subrecipient.

2. Organization Review

If one does not already exist, prepare an organizational chart and identify the various services and/or functions for each unit. Determine which units are direct or shared functions of the organization.

Determine the services that are allowable and allocable to subawards per the cost principles in the Uniform Guidance.

3. Prepare a Cost Allocation Plan (See Attachment A as an example.)

Develop a written policy that outlines the costs considered as direct and the costs considered as shared among programs and the rationale to support those costs.

This would include all joint or pooled costs needing to be allocated (such as staff whose work benefits more than one cost objective, cost pools established other types of pooled costs, and all other costs that cannot be readily assigned to a single cost objective).

Description of the methods used in distributing the expenses to benefiting cost objectives. This requires identifying the basis for allocating each type of joint or pooled cost and the documentation for supporting each basis for allocation.

For every cost, the subrecipient must provide the basis for its distribution (e.g. time distribution, number of participant's served, square footage, etc.)

Arbitrary percentages are not allowable. Any direct salary that is distributed to more than one program must also be supported by an allowable time distribution methodology. Time distribution must be based on after-the-fact determination of actual activity performed by employees and not estimates.

The subrecipient must maintain a time distribution system for use by employees whose time is charged to more than one cost objective. Payroll documentation should be maintained to support the charging of salaries and wages as direct or indirect.

INDIRECT COST RATE (ICR):

Indirect cost rates place ceilings on the amount that may be charged to the subaward and are only applicable if the subrecipient utilizes one of the following:

- An approved Federally recognized indirect cost rate negotiated between the subrecipient and the Federal government or,

- If no such recognized rate exists, (1) the subrecipient may utilize a de minimis indirect cost rate of 10% of modified total direct costs (MTDC) which may be used indefinitely, or (2) a subrecipient may apply to CSS for a negotiated rate utilizing Attachment A.

- With the exception of Federally-approved rates, all other rates are subject to CSS review, acceptance and or approval.

These requirements apply regardless of whether the costs are classified as Administration or Program.

For those subrecipients who have federally approved indirect cost rates, the guidance is meant to ensure compliance with those rates.

NOTE: All subrecipients receiving Older American Act funds from CSS will be limited to a 10% indirect cost rate, an increase from the previous 8% limit, per CSS' subgrant with the California Department of Aging.

In general terms, an ICR is the percentage of an organization's indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

The ICR can be used to budget the maximum amount of indirect costs allowable for a program and then to claim the actual amount of indirect costs after the program expenditures have been made. It is important to remember that when recovering/charging indirect costs, the ICR is applied to the amount **actually expended, not the total amount budgeted—those actual expenditures must be documented and documentation must be submitted as required**. The indirect cost plan identifies and distributes the costs of services provided by support organizations (such as human resources, fiscal, upper level management) to the fund sources of a subrecipient.

It is the responsibility of the subrecipient to ensure that any indirect costs charged to a CSS subaward does not exceed the amount approved in the subaward budget and that the plan is current.

No indirect costs will be reimbursed in instances where the subrecipient has not maintained an approved rate or cannot demonstrate that it has submitted documentation to its Federal awarding agency to obtain a provisional or final rate in a timely manner. Indirect costs will be limited to either an approved rate from a Federal cognizant agency or a CSS approved rate.

DEVELOPMENT OF AN INDIRECT COST PLAN:

The subrecipient is to use data for a complete fiscal year (July 1, 2014 to June 30, 2015) to ensure that all costs are captured for the period. The plan methodology is to be used continuously for the entire year of the subaward beginning July 1, 2015. Any changes must be approved by CSS.

Notwithstanding that this directive has been issued after July 1, 2015, it is a requirement that the subrecipient apply the cost allocation plan to expenditures beginning July 1, 2015.

The following are the procedures for the development of the plan:

1. List all Funding/Revenue

Prepare a list of all funded programs and/or revenue of the subrecipient. Identify the amount or percent of reimbursement of direct and indirect cost and any subaward restrictions or references regulations.

2. Organization Review

If one does not already exist, prepare an organizational chart and identify the various services and/or functions for each unit. Determine which units are indirect (administrative) functions of the organization.

Determine the services that are allowable and allocable to subawards per the cost principles in the Uniform Guidance.

3. Review the Accounting Structure

Obtain a chart of accounts, or some other list of accounts for your organization, in which the actual dollars expended can be related to various programs and/or organization structure.

Reconcile the accounting structure to the organization chart.

4. Prepare an Indirect Cost Plan (See Attachment A as an example.)

Develop a written policy that outlines the costs considered as direct or shared, the costs considered to be indirect, and the rationale to support those costs. The costs considered direct or shared must reconcile to the Cost Allocation Plan.

The plan should include a description of the types of services provided and their relevance to CSS funded programs (generally called a Function and Benefit Statement). This would include all CSS and non-CSS funded revenue sources and cost objectives.

5. Prepare an Allocation of Personnel Salaries Worksheet (See Attachment C as an example.)

This worksheet should include the salaries of all staff within the organization. It must reflect the estimated or actual salary costs for each subaward and Non-Federal award cost objective. The percentage of time per position should be entered under the appropriate cost objective, making sure that 100 percent is allocated for each position.

The salaries are to be categorized between indirect and direct costs applying the definition applicable to each category. The subrecipient must ensure that any salary that is allocated between indirect and direct costs or among the direct cost objectives is supported by documentation that demonstrates the amounts charged to each category.

Arbitrary percentages are not allowable. Any direct salary that is distributed to more than one program must also be supported by an allowable time distribution methodology. Time distribution must be based on after-the-fact determination of actual activity performed by employees and not estimates.

The subrecipient must maintain a time distribution system for use by employees whose time is charged to more than one cost objective. Payroll documentation should be maintained to support the charging of salaries and wages as direct or indirect.

6. Prepare a Distribution of Indirect Costs to Cost Centers Worksheet (See Attachment D as an example.)

This worksheet must identify total costs of the organization in the following categories:

Salaries – This amount should be the total amount of salaries shown on the Allocation of Personnel Salaries Worksheet.

Any time spent by staff on unallowable activities such as fundraising must also be identified. Unallowable activities are to bear their fair share of indirect costs as all other programs.

Fringe Benefits – This is the total amount paid for employee benefits of the organization. The amount must be allocated by direct and indirect costs. The methodology for the allocation of fringe benefits between direct and indirect cost is the percentage of salaries charged to indirect and direct cost objectives. The allocation to specific programs within the Direct Costs category is based on the percentage of salaries within

a cost objective to total direct salaries times the portion of employee benefits allocable to Direct Costs.

Non-Personnel Costs - These costs are examples and may not reflect the costs of the organization. This list should represent the costs of the organization. Nonpersonnel costs that are not direct charges supported by documentation may be charged based on the percentages of salary distribution.

Costs not allowable under the cost principles such as fundraising, entertainment, bad debts, etc. are to be identified separately and not included as indirect costs. Unallowable costs may not be distributed to subaward programs.

Allocation of Indirect Costs - Once all costs of the organization have been identified as either Indirect, Direct or Unallowable, an allocation may be made.

That rate is applied to total direct costs by cost objective to determine the amount of indirect costs allocable to that cost objective.

7. Review Proposal Before Submission

Ensure the allocation plan reflects all programs and personnel identified in the organization chart.

Perform a mathematical verification of the proposal.

Determine that the proposal reconciles with the supporting audit, official budget or financial statements.

Review the financial statements and audit report for any indication of activities which may have been omitted from the indirect cost proposal, i.e., the omission of restricted fund costs or the existence of an affiliated organization receiving supportive service from the parent organization.

Determine that costs that are statutorily unallowable, or for reasons of non-allocability, have been eliminated from the indirect cost pool and are not charges as direct costs.

8. Certification

The document (Attachment B) must be certified by an authorized subrecipient official that the plan has been prepared in accordance with applicable requirements and will be the method used to charge indirect costs to the subaward.

RETENTION OF RECORDS:

The plans and supporting records shall have a 3-year retention period starting from the end of the fiscal year (or other accounting period) covered by the proposal.

ACTION:

CSS and its subrecipients shall follow this policy. This policy shall remain in effect until such time that a revision is required.

INQUIRIES:

If you have any questions regarding this Directive, please contact Melissa Tarver at (213) 738-3605 or mtarver@css.lacounty.gov

PAUL GOLDMAN, Assistant Director
Contracting Services

Attachments
A – Sample Cost Allocation Plan and Indirect Cost Plan
B – Certificate of Indirect Costs and Proposed Indirect Cost Rate
C – Allocation of Personnel Worksheet
D – Distribution of Indirect Costs to Cost Centers Worksheet

Attachments

A – Sample Cost Allocation Plan and Indirect Cost Plan
B – Certificate of Indirect Costs and Proposed Indirect Cost Rate
C – Allocation of Personnel Worksheet
D – Distribution of Indirect Costs to Cost Centers Worksheet

Please note that these attachments should be utilized for examples only, and should not be copied as a template for acceptable plans.

EXAMPLE

ATTACHMENT A

COST ALLOCATION PLAN

SUBRECIPIENT'S NAME AND ADDRESS

PURPOSE/GENERAL STATEMENT:

The purpose of this cost allocation plan is to summarize, in writing, the methods and procedures that this organization will use to allocate costs to various programs, subgrants, contracts and agreements.

The Uniform Guidance at 2 CFR Chapter I and Chapter II, Parts 200, 215, 220, 225, and 230 establishes the principles for determining costs of subgrants, contracts and other agreements in Federally funded programs. This Cost Allocation Plan is based on the Direct Allocation method which treats all costs as direct costs except general administration and general expenses which will be distributed to programs based on an indirect cost rate approved by the County of Los Angeles Community and Senior Services.

Direct costs are those that can be identified specifically with a particular final cost objective. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective.

Only costs that are allowable, in accordance with the cost principles, will be allocated to benefiting programs by (Subrecipient's Name).

1. General Approach for Direct & Shared Direct Costs

The general approach of (Subrecipient's Name) in allocating costs to specific programs is as follows:

A. All allowable direct costs are charged directly to programs, grants, activity, etc.

B. Allowable direct costs that can be identified to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.

C. All other allowable general and administrative costs (costs that benefit all programs and cannot be identified to a specific program) are allocated to programs, grants, etc. based on an approved indirect cost rate.

Allocation of Costs

The following information summarizes the procedures that will be used by (Subrecipient's Name) beginning July 1, 2015:

A. Compensation for Personal Services - Documented with timesheets showing time distribution for all employees and allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see example 2).

   - Fringe benefits (FICA, UC, and Worker's Compensation) are allocated in the same manner as salaries and wages. Health insurance, dental insurance, life & disability and other fringe benefits are also allocated in the same manner as salaries and wages.

   - Vacation, holiday, and sick pay are allocated in the same manner as salaries and wages.

B. Travel Costs - Allocated based on purpose of travel. All travel costs (local and out-of-town) are charged directly to the program for which the travel was incurred. Travel costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Travel costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

C. Professional Services Costs (such as consultants) - Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see Example 4).

D. Office Expense and Supplies (including office supplies and postage) - Allocated based on usage. Expenses used for a specific program will be charged directly to that program. Postage expenses are charged directly to programs to the extent possible. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see Example 3). Costs that benefit all programs will be allocated

based on the ratio of each program's expenses to total expenses (see Example 4).

E. Equipment - (Subrecipient's Name) depreciates equipment when the initial acquisition cost exceeds $x,xxx. Items below $x,xxx are reflected in the supplies category and expensed in the current year. Unless allowed by the awarding agency, equipment purchases are recovered through depreciation. Depreciation costs for allowable equipment used solely by one program are charged directly to the program using the equipment. If more than one program uses the equipment, then an allocation of the depreciation costs will be based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

F. Printing (including supplies, maintenance and repair) - Expenses are charged directly to programs that benefit from the service. Expenses that benefit more than one program are allocated based the ratio of the costs to total expenses. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

G. Insurance - Insurance needed for a particular program is charged directly to the program requiring the coverage. Other insurance coverage that benefits all programs is allocated based on the ratio of each program's expenses to total expenses (see example 4).

H. Telephone/Communications - Long distance and local calls are charged to programs if readily identifiable. Other telephone or communications expenses that benefit more than one program will be allocated to those programs based on the ratio of each program's expenses to the total of such expenses (see example 3). Costs that benefit all programs will be allocated based on the ratio of each program's expenses to total expenses (see example 4).

I. Facilities Expenses - Allocated based upon usable square footage. The ratio of total square footage used by all personnel to total square footage is calculated (see example 5). Facilities costs related to general and administrative activities are allocated to program based on an approved indirect cost rate.

J. Training/Conferences/Seminars – Allocated to the program benefiting from the training, conferences or seminars. Costs that benefit more than one program will be allocated to those programs based on the ratio of each program's salaries to the total of such salaries (see Example 1). Costs that benefit all programs will be allocated based on the ratio of each program's salaries to total salaries (see Example 2).

K. Other Costs (including dues, licenses, fees, etc.) - Other joint costs will be allocated on a basis determined to be appropriate to the particular costs. *(Subrecipient should describe methodology for applicable costs).*

L. Unallowable Costs – Costs that are unallowable in accordance with the Uniform Guidance, including alcoholic beverages, bad debts, advertising (other than help-wanted ads), contributions, entertainment, fines and penalties. Legal Fees, Lobbying and fundraising costs are unallowable, however, are treated as direct costs and allocated their share of general and administrative expenses.

Examples of Allocation Methodology

Example 1

Expense Amount = $5,000

Costs that are shared and benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's personnel costs (salaries & applicable benefits) to the total of such personnel costs, as follows:

The amount to be allocated among various programs is $5,000. Grant A (below) represents CSS's program. Based on the direct costs of personnel, Agency can calculate that Grant A should be allocated 20%, since $20,000 of the $100,000 total personnel costs pertained to Grant A. Therefore, 20% of the $5,000 to be allocated should go to Grant A, which is $1,000.

Grant	Personnel Costs	%	Amount Allocated
A	$ 20,000	20%	$1,000
C	$ 30,000	30%	$1,500
E	$ 50,000	50%	$2,500
Total	$100,000	100%	$5,000

Example 2

Expense Amount = $10,000

Costs that are shared benefit **all** programs are allocated based on a ratio of each program's personnel costs (salaries & applicable benefits) to total personnel costs as follows:

The amount to be allocated among various programs is $10,000. Grant A (below) represents CSS's program. Based on the direct costs of personnel, Agency can calculate that Grant A should be allocated 13%, since $20,000 of the $150,000 total personnel costs pertained to Grant A. Therefore, 13% of the $10,000 to be allocated should go to Grant A, which is $1,300.

Grant	Personnel Costs	%	Amount Allocated
A	$ 20,000	13%	$1,300
B	$ 10,000	7%	$ 700
C	$ 30,000	20%	$2,000
D	$ 40,000	27%	$2,700
E	$ 50,000	33%	$3,300
Total	$150,000	100%	$10,000

Example 3

Expense Amount = $4,000

Costs that are shared and benefit two or more specific programs, but not all programs, are allocated to those programs based on the ratio of each program's expenses (direct costs other than salaries & benefits) to the total of such expenses, as follows:

The amount to be allocated among various programs is $4,000. Grant A (below) represents CSS's program. Based on the direct costs of program expenses, Agency can calculate that Grant A should be allocated 30%, since $120,000 of the $400,000 total personnel costs pertained to Grant A. Therefore, 30% of the $4,000 to be allocated should go to Grant A, which is $1,200.

Grant	Program Expenses	%	Amount Allocated
A	$ 120,000	30%	$1,200
C	$ 130,000	33%	$1,320
E	$ 150,000	37%	$1,480
Total	$ 400,000	100%	$4,000

Example 4

Expense Amount = $8,000

Costs that are shared and benefit **all** programs will be allocated based on a ratio of each program's salaries to total salaries as follows:

Grant	Program Expenses	%	Amount Allocated
A	$ 120,000	18%	$1,440
B	$ 110,000	17%	$1,360
C	$ 130,000	20%	$1,600
D	$ 140,000	22%	$1,760
E	$ 150,000	23%	$1,840
Total	$650,000	100%	$8,000

Example 5

Facilities Expense Amount = $10,000

Shared facilities costs are allocated based on square footage. Square footage for each program and general and administrative activity is considered in the analysis. Facilities and space that is allocable to the indirect cost category are distributed back to programs through the indirect cost rate. The calculation for shared facilities costs is as follows:

Grant	Square Footage	%	Amount Allocated
A	300	30%	$ 3,000
B	100	10%	$ 1,000
C	200	20%	$ 2,000
D	200	20%	$ 2,000
E	200	20%	$ 2,000
Total	1,000	100%	$10,000

GENERAL AND ADMINISTRATIVE COSTS

All general and administrative costs of the organization are distributed to subawards based on an approved indirect cost rate.

2. General Approach for Indirect Costs

I. General Accounting Policies

A. Basis of Accounting - Accrual Basis

B. Fiscal Period - July 1 through June 30

C. Allocation Basis for Individual Cost Elements - Direct Allocation Basis

D. Indirect Cost Rate Allocation Base – _____

E. (Subrecipient Name) maintains adequate internal controls to insure that no cost is charged both directly and indirectly to County of Los Angeles Community and Senior Service (CSS) subawards and other subawards and subcontracts. (Include a description of the accounting system software.)

II. Federal and Non-Federal Funding

List all funded programs in detail as to the amount or percent of reimbursement of direct and indirect costs and any restrictions imposed through subgrants or regulations.

III. Description of Methodologies

A. Salaries and Wages

1. Direct Costs – The majority of (Subrecipient Name)'s employees direct charge their time since their work is specifically identifiable to specific subawards, subcontracts, or other activities of the organization such as fund raising or providing services to participants. The charges are supported by auditable labor distribution reports which reflect the actual activities of the employees.

2.Indirect Costs – The following staff charge 100% of their salary costs indirectly:

(List those employees who charge 100% of their time to indirect activities.)

The distinction between direct and indirect is primarily based on functions performed. For example, when the Executive Director is performing functions that are necessary and beneficial to all programs they are indirect. When functions are specific to one or more programs they are direct because they do not benefit all programs.

3. Multiple Cost Objectives - The following employees may charge their salary costs to both direct, indirect, or multiple cost objectives:

(List those employees who charge their time to both direct and indirect or multiple cost objectives.)

Auditable time distribution records which reflect the actual activities of employees are maintained to support the charges to indirect, direct and multiple cost objectives. The time records are certified by the _____.
Executive Director or designee

B. Fringe Benefits

(Subrecipient Name) contributes to the following fringe benefits for its employees:

1. unemployment insurance,
2. worker's compensation,
3. F.I.C.A., health insurance and
4. matching contributions to a defined benefit pension plan.

Treatment of Fringe Benefits: (Subrecipient Name)'s accounting system tracks fringe benefit costs by individual employee and charges those costs directly or indirectly in the same manner as salary and wage costs are recorded. (Subrecipient Name) does not need to have a fringe benefit rate established.

Treatment of Paid Absences - Release time costs (vacation leave earned, sick leave used, and holiday pay) are considered part of salary costs. Consequently, separate claims for release time costs are not made. (Subrecipient Name)'s accounting system records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is recorded as a cost in the period earned.

C. Travel

Travel costs may be charged as either direct or indirect costs depending on the purpose of the trip.

For example: The Executive Director of the subrecipient travels to attend a workshop on executive management organizational skills the trip would be indirect in nature and would be charged as an indirect cost. However, if the Executive Director travels to a conference delivering information for a specific program administered by the subrecipient, the trip would be considered a direct cost.

D. Board Expenses (if applicable)

For those subrecipients that are nonprofit organizations, most board meeting expenses are charged on an indirect basis because their activity benefits the entire organization. Board expenses for member attendance at meetings involving specific programs administered by the subrecipient may be charged as a direct cost to that program.

Most directors of public benefit corporations serve on a volunteer basis, and do not receive compensation, other than occasional reimbursement for actual expenses of attending meetings (mileage, parking fees, meal costs). However, California law permits directors to receive reasonable "compensation as a director or officer," and distinguishes such compensation from other payments to directors that raise conflict of interest questions. It is the subrecipient's responsibility to document the expenses and demonstrate that they were reasonable and necessary.

E. Supplies and Materials

To the maximum extent possible, office supplies and materials are direct charged to a subaward which uses the supplies or materials.

Supplies and materials used by staff who are engaged in multiple cost objectives, both direct and indirect, will be will be allocated based on salaries, both direct and indirect.

F. Occupancy Expenses

Rent and related costs of occupancy (e.g. utilities, maintenance, security) – (Subrecipient Name) occupies space it leases from (Name). The lease provides for equal monthly payments during the term of the lease. All occupancy costs are categorized as indirect costs.

All other ancillary costs of occupancy (utilities, maintenance, security) are also categorized as indirect costs.

G. Communications

The cost of communications (FAX, internet, land lines, cell phones) is allocated based on salaries, both direct and indirect.

H. Photocopying and Printing

With the exception of printing activity for a specific program that will be charged directly, all other photocopy and printing costs will be allocated based on salaries, both direct and indirect.

I. Outside Services

(Subrecipient Name) incurs outside services costs for its annual audit, consultants, legal fees, and for staff development specialists.

- The cost of the annual audit is charged indirectly.
- Consultant fees are charged either directly or indirectly based on the services rendered.
- In general, allowable legal fees are charged directly to the benefiting program or activity.
- Allowable Legal fees that are not identifiable to specific direct programs are charged indirectly.

J. Depreciation

The cost of capital items purchased with non-Federal funds which are used in a manner which benefits Federal subawards is recovered through depreciation charged. (Subrecipient Name) recovers the cost of capital items using the straight line depreciation method in accordance with generally accepted accounting principles. Depreciation is charged either directly or indirectly based on the benefits received.

Depreciation may not be charged if the subrecipient has been reimbursed for the purchase of the item through the subaward agreement.

K. Program Services

The cost of activities performed primarily as services to participants, clients, or the general public are classified as direct costs and bear their fair share of indirect costs. These activities include:

- Training Costs
- Supportive Service Costs
- Maintenance of Enrollment Data

- Subscriptions
- Publications providing information to members, legislative or administrative bodies, or the public
- Program marketing and outreach
- Meetings and conferences except those held to conduct the general administration of (Subrecipient Name)

L. Unallowable Costs

(Subrecipient Name) recognizes that unallowable costs, as defined in the Uniform Guidance at 2 CFR Section 421-475), cannot be charged to Federal subawards and has internal controls in place to insure that this is followed. Examples of unallowable costs are included but not limited to:

- Advertising and public relations
- Entertainment/alcoholic beverages
- Contributions and Donations
- Capital expenditures
- Interest Expense
- Lobbying and fund raising

CERTIFICATION

All costs included in this plan are properly allocable to County of Los Angeles Community and Senior Services (CSS) subawards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal cost principles.

Further, the same costs that have been treated as direct or shared costs have not been treated as indirect costs. Similar types of costs have been accounted for consistently.

_____ _____

Signature Date

_____

Title

(Subrecipient Name and Address)

EXAMPLE

ATTACHMENT B

Certificate of Indirect Costs and Proposed Indirect Cost Rate

I have reviewed the indirect cost proposal dated_____ . This is to certify that:

All costs included in the proposal submitted on_____ to establish a cost rate for the period_____ through _____ are allowable in accordance with the requirements for subawards governed by Uniform Guidance at 2 CFR Chapter I and II.

This proposal does not include any costs which are unallowable under applicable Federal cost principles.

All costs included in this proposal are properly allocable to County of Los Angeles Community and Senior Services (CSS) subawards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable Federal cost principles.

Subject to the provisions of the Program Fraud Civil Remedies Act of 1986, (31 USC 3801 et seq.), the False Claims Act (18 USC 287 and 31 USC 3729); and the False Statements Act (18 USC 1001), I declare to the best of my knowledge the foregoing is true and correct.

Subrecipient Name: _____

Signature: _____

_____
Name of Authorized Official (in CSS contract):

Title: _____

Date: _____

Attachments

Allocation of Personnel Worksheet
Distribution of Indirect Costs to Cost Centers Worksheet

ATTACHMENT B

Example - Allocation of Personnel Worksheet

Position	B + C Annual Salary	Indirect Costs	D thru H Direct Costs	WIOA	AAA	CalWorks	GROW	Fund Raising
	A	B	C	D	E	F	G	H
Executive Director*	90,000	80,000	10,000					10,000
Administrative Assistant	60,000	60,000						
Finance Director	75,000	5,000						
Accountant	60,000	60,000						
Personnel Director	60,000	60,000						
Program Manager	70,000	7,000	63,000	50,400		12,600		
*% of Distribution***	100%	10%	90%	80%		20%		
Program Manager	65,000		65,000		65,000			
Program Manager	65,000		65,000				65,000	
MIS Director	60,000		60,000	36,000	6,000	12,000	6,000	
% of Distribution				60%	10%	20%	10%	
Data Entry Clerk	50,000		50,000	30,000	5,000	10,000	5,000	
% of Distribution				60%	10%	20%	10%	
All Other Positions**	700,000		700,000	250,000	150,000	100,000	200,000	
TOTAL	1,355,000	342,000	1,013,000	366,400	226,000	134,600	276,000	10,000

*Costs are allocated to the unallowable cost objective of Fundraising. All cost objectives must bear their fair share of indirect costs. Time spent on fundraising or any other unallowable activity must be documented.

**% of Distribution is based on time reported by staff (time distribution) to various program activities.

Note: The salaries included in this exhibit are for illustrative purposes only.

EXAMPLE - INDIRECT COST PLAN

ATTACHMENT C

PAGE 1

BASE - TOTAL DIRECT COSTS

Budget Category	A = C + D Total Costs	Less Exclusions & Unallowable costs	Indirect Costs	D = E thru I Total Direct Costs	WIOA	AAA	CalWorks	GROW	Fund Raising
	A	B	C	D	E	F	G	H	I
Salaries	1,355,000		342,000	1,013,000	366,400	226,000	134,600	276,000	10,000
Fringe Benefits (42%)*	569,100		143,640	425,460	153,888	94,920	56,532	115,920	4,200
Total Personnel Costs	1,924,100		485,640	1,438,460	520,288	320,920	191,132	391,920	14,200
% of Direct Salaries & Benefits*					36%	22%	13%	27%	1%
Consultant Services	75,000		75,000						
Staff Travel	40,000		15,000	25,000	9,042	5,577	3,322	6,811	247
Funding Raising	15,000	15,000		15,000					15,000
Rent	360,000		360,000						
Consumable Supplies	20,000		5,000	15,000	5,425	3,346	1,993	4,087	148
Purchase, Lease of Equipment	20,000		20,000						
Communications	35,000		8,750	26,250	9,495	5,856	3,488	7,152	259
Printing	10,000			10,000	3,617	2,231	1,329	2,725	99
Insurance	35,000		8,750	26,250	9,495	5,856	3,488	7,152	259
Postage	5,000			5,000	1,808	1,115	664	1,362	49
Depreciation	20,000		5,000	15,000	5,425	3,346	1,993	4,087	148
Program Costs	1,500,000			1,500,000	800,000	300,000	300,000	100,000	
Participant Support Costs	75,000			75,000	30,000		20,000	25,000	
Total Nonpersonnel Costs* **	2,210,000	15,000	497,500	1,712,500	874,308	327,330	336,277	158,376	16,209
Total Organization Costs	4,134,100	15,000	983,140	3,150,960	1,394,596	648,250	527,409	550,296	30,409

*Allocated between Direct and Indirect Costs based on the percentage of Direct Salaries to Indirect Salaries.

**Percentages derived from calculating Direct Personnel Costs by Program to total Direct Personnel Costs.

***Allocated to programs based on percentage derived from percentage of Direct to Indirect Salaries & Benefits and the percentage of Direct Salaries and Benefits to Total Direct Salaries and Benefits.

EXAMPLE - INDIRECT COST PLAN

BASE - TOTAL DIRECT COSTS

			WIOA	AAA	CalWorks	GROW	Fund Raising	Total
Indirect Costs	983,140	Allocation Base	1,394,596	648,250	527,409	550,296	30,409	3,150,960
Total Direct Costs	3,150,960	Times Indirect Rate	31.2013%	31.2013%	31.2013%	31.2013%	31.2013%	31.2013%
Indirect Rate	**31.2013%**	Allocation Share of IC	**435,132**	**202,262**	**164,558**	**171,699**	**9,488.09**	**983,140**