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Purpose

To establish a methodology for cost classifications and allocations that ensure costs are distributed in a logical and systematic manner and tracked in accordance with cost type.

Policy

Cost incurred by PacMtn will be analyzed and identified to a particular cost classification by determining if the cost is program or administrative and whether the cost can be directly attributed to a grant or award or if it will be treated as an indirect cost.

Administrative costs will be identified using the definitions in ESD Policy 5235 and 2 CFR 683.215. Administrative costs will be tracked separately to ensure applicable caps on expenditures are followed.

Expenses will be charged directly to a grant or award if the benefit can be directly identified with a specific program. If a cost benefits two or more programs in proportions that cannot be identified without undue effort or cost then the cost may be charged as indirect. Indirect costs will be allocated according to approved methodologies as outlined in PacMtn's Cost Allocation Plan.

Guidelines

Cost Classifications

PacMtn identifies costs as either program or administrative depending on the type of function performed, and includes costs that are both personnel and nonpersonnel in nature. Administrative personnel costs are identified in monthly timesheets.

Cost Allocations

PacMtn charges costs either directly or indirectly in accordance to 2 CFR Part 230 and the cost allocation methodology as set forth in our Cost Policy Statement.

1. PacMtn uses a Simplified Allocation Method to determine cost benefit according to direct labor costs of FTE's.
2. Expenses are charged directly when those costs can be identified specifically with a particular final cost objective, project, award or activity. Those costs that are incurred as part of a joint activity or are not readily identifiable will be charged indirectly using indirect cost pools.

PacMtn maintains adequate internal controls to insure that no single cost is charged both directly and indirectly to Federal contracts or grants.

Cognizant Agency

The cognizant agency is responsible for negotiating your indirect cost rate and issuing the appropriate Negotiation Agreement. Unless specifically assigned by OMB, the Federal agency with the largest dollar value of direct funding is normally designated as the cognizant agency.

Indirect Cost Rate

PacMtn's cognizant agency negotiates provisional and final indirect cost rates.

1. Provisional rate or billing rate – a temporary indirect cost rate applicable to a specified period which is used for funding, interim reimbursement, and reporting indirect costs on awards pending the establishment of a final rate for the period.
2. Final rate - an indirect cost rate applicable to a specified past period which is based on the actual costs of the period. A final rate is not subject to adjustment.

PacMtn must submit their final indirect cost rate proposal to their cognizant agency by December 31 as stated in 2 CFR, Part 200, Appendix IV, C.2.c.

Subrecipients

If the subrecipient has a federally negotiated indirect cost rate, PacMtn must use that rate and may not force or entice the subrecipient to accept a lower rate.

If the subrecipient does not have a federally negotiated indirect cost rate, PacMtn may either negotiate a rate with that subrecipient or apply the de minimis indirect cost rate of 10% of modified total direct costs (2 CFR Part 200.331(a)(4)). PacMtn may not force or entice the subrecipient without a federally negotiated indirect cost rate to accept a rate lower than the de minimis rate of 10%

References

2 CFR, Part 683	ESD Policy 5235
2 CFR, Part 200	PacMtn Administrative Policy 3005
2 CFR, Part 230	

DATE APPROVED:

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