

INDIRECT COST ALLOCATION Policy 549

.1 PURPOSE

The purpose of this policy is:

- To provide procedures for the administration of the cost allocation policy contained in the County's general fiscal policies,
- To ensure that state and federal grants are, where applicable, charged for the County's Indirect Cost Rate, and
- To ensure that, where applicable, other County funds are charged for the County's Indirect Cost Rate.

.2 APPLICABILITY

2.1 This policy applies to all Clallam County offices/departments and to all County officers and their employees.

.3 DEFINITIONS

The following are definitions of terms used in this policy:

3.1 County Officers – Elected officials and department heads.

3.2 Administrative Costs – Direct costs usually associated with administrative activities such as bookkeeping, billing, etc., within the grantee department.

3.3 Indirect Costs – Costs usually allocated to grants and funds, associated with the administrative and general functions of County government, which support direct services. Indirect costs include such things as cost of facilities, utilities, insurance, accounting and payroll, information technology infrastructure, etc.

3.4 Simplified Indirect Cost Rate – A rate determined through the preparation of Clallam County's Cost Allocation Plan. The rate is calculated as a percentage of salaries. The simplified cost rate is the County's primary cost allocation rate.

3.5 Inclusive Indirect Cost Rate – An alternative rate determined through the preparation of Clallam County's Cost Allocation Plan. This rate is determined through the preparation of the County's cost allocation plan and is calculated as a percentage of all costs. This rate is only to be used when specified.

3.6 State and Federal Grants – Revenues received from the state or federal government (directly or indirectly). These revenues use BARS numbers 331, 333, 334.

.4 INDIRECT COST POLICIES AND PROCEDURES

4.1 Indirect Cost Policy – In addition to the indirect cost allocation policies contained in Clallam County General Fiscal Policies, the following specific policies apply:

- Indirect costs will be charged to all County funds that can be legally charged unless otherwise directed by resolution of the Board of Commissioners. The simplified indirect cost rate will be used in all applications unless otherwise specified.
- All grants applied for by County departments will include a charge for indirect costs, according to current cost allocation plan, to the maximum allowed by the grant. If the grant has no salaries or does not allow indirect costs to be applied to salaries, the inclusive indirect cost rate defined in 3.4 above will be used.
- Administrative costs required to maintain accounting and billing are properly included as direct grant activities.

4.2 Indirect Cost Procedures – The Auditor’s Office will complete an updated indirect cost allocation plan whenever required, or as requested by the County Administrator.

The Auditor’s Office will provide a copy of the current plan’s rate calculation and certification pages to all County departments.

The BARS revenue number for indirect costs will be different than the revenue number for direct grant activities, and will be supplied by the County Auditor’s office. Departments are required to track indirect costs billed, and deposit revenue received for indirect costs into the proper BARS code created for such purpose. Revenues from the indirect cost billing will be deposited into the appropriate fund, unless otherwise directed by the County Administrator.

Unless otherwise directed by the County Administrator, indirect cost revenues will not be budgeted by departments and will be directed to the General Fund.