

Cost Policy Statement (CPS) for Indirect Cost Rate (ICR) Proposal / Cost Allocation Plan (CAP)

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The following CPS is intended as guidance for all WCWWDB funding source(s)/award(s) to seek reimbursement for actual, incurred indirect costs. This model assumes that the West Central Wisconsin Workforce Development Board uses:

1. **Direct Cost Items:** Payroll and Accounts Payable Costs shall be directly assigned to a funding source when the individual program and related costs directly impact a sole fund source or are able to be identified specifically with a particular final cost objective relatively easily with a high degree of accuracy. Funding regulations and contract specifications shall be considered when determining the cost categorization and assignment.
2. **Shared Cost Items:** Costs which impact more than one fund source shall be allocated based on staff time charging. The Excel cost allocation tool is updated monthly on direct staff time from the payroll where all the corresponding dates fall in that same month. There are three (3) types of shared costs:
 - a. **Payroll Expenses-**Costs that are expensed through the Orion based on the actual number of hours worked in each funding source. Included are:
 - i. Payroll taxes (FICA/Medicare and Unemployment Compensation).
 - ii. Employee travel-related and other pre-approved expenses, i.e. cell phone, internet reimbursements at the rates stated in WCWWDB policies.
 - iii. Worker's Compensation Insurance based on the employee's worker's compensation code as it directly relates to the required insurance coverage.
 - b. **Fringe Benefits-**Costs will be expensed through Orion based on the actual number of hours worked by WCWWDB staff in each funding source and are only applicable if the fringe benefit is elected by the employee. Included are:
 - i. Health, Dental, Life/Long-Term Disability, Health Savings Stipend and the 403(b) Plan fringe benefits at the rate billed by the insurance company or set forth in WCWWDB policies and in conjunction with employee elections.
 - ii. Paid Time Off (PTO) for sick, vacation, holiday, and bereavement which is pooled by Orion after being processed in accordance with WCWWDB policies.
 - c. **Accounts Payable Expenses-**Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month. The cost pools are as follows:
 - i. Position - Split between Program and Administration costs within each fund source as defined by regulations and funding constraints.
 - ii. Location - An allocation per office location costs as defined by grant regulations and funding constraints.

Both Administrative and Program expenses are allocated based on actual hours administrative and program staff work in specific funding sources. There is a cost pool for each office location where lease is paid for the distribution of general overhead and supply allocation. Common shared accounts payable expenses are telephone, office supplies, postage, etc.

References: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)- 2 CFR 200 (200.405 Allocable costs, 200.413 Direct costs, and Appendix IV to Part 200-Indirect (F&A) Costs Identification and Assignment, and Rate Determination for Nonprofit Organizations)

WCWWDB COST POLICY STATEMENT

I. General Accounting Policies

- A. Effective implementation date of accounting procedures – August 15, 2019; updated April 9, 2020, March 17, 2021.
- B. Basis of Accounting - Accrual Basis
- C. Fiscal Period - July 1, 2022 through June 30, 2023
- D. Allocation Basis for Individual Cost Elements - Direct Staff Time Allocation Basis
- E. Cost Allocation Plan Computation Base - Direct Staff Hours on a monthly basis, so it is updated and changes monthly.
- F. Treatment of Fringe Benefits – Fringe follows the staff member the fringe/employee benefits are tied to.
- G. WCWWDB maintains adequate internal controls to ensure that no cost is charged both directly and indirectly to Federal and other contracts or grants. WCWWDB utilizes as part of the financial management system THO's Orion as a General Ledger (GL) system. Orion is a fund accounting software created specifically for grant-funded organizations such as WCWWDB.

II. Description of Cost Allocation Methodology -

A. Salary and Wages

Costs that are expensed through the Orion system based on the actual number of hours worked in each funding source. Included are: 1. Payroll taxes (FICA/Medicare and Unemployment Compensation). 2. Employee travel-related and other pre-approved expenses, i.e. cell phone, internet reimbursements at the rates stated in WCWWDB policies. 3. Worker's Compensation Insurance based on the employee's worker's compensation code as it directly relates to the required insurance coverage.

- 1. Direct Program Costs: The majority of WCWWDB's Board employee's salary costs are direct charge since their work is identifiable to specific programs, grants, contracts, or other activities of the organization.
- 2. Administrative Allocated Costs: Allocated based on actual hours administrative and program staff work in specific funding sources. Their share of time charged to more than one pay code is in direct correlation to the amount of time spent performing duties for each grant. To that end, more than one grant will receive charges for wages from the staff member Administrative coding based on what the employee did during the pay period, what they worked on, which ensures that relative benefit to each grant is received.
- 3. Non-Administrative Allocated Costs: Allocated based on actual hours administrative and program staff work in specific funding sources. Their share of time charged to more than one pay code is in direct correlation to the amount of time spent performing duties for each grant. To that end, more than one grant will receive charges for wages from the staff member's Non-Administrative coding based on what the employee did during the pay period, what they worked on, which ensures that relative benefit to each grant is received.

- B. **Fringe Benefits**-Costs will be expensed through Orion based on the actual number of hours worked by WCWWDB staff in each funding source and are only applicable if the fringe benefit is elected by

the employee. Administrative and Non-Administrative Allocated costs will be allocated on the same methodology as Salary and Wages. Fringes Included are:

1. Health, Dental, Life/Long-Term Disability, Health Savings Stipend and the 403(b) Plan fringe benefits at the rate billed by the insurance company or set forth in WCWWDB policies and in conjunction with employee elections.
2. Paid Time Off (PTO) for sick, vacation, holiday, and bereavement which is pooled by Orion after being processed in accordance with WCWWDB policies.

C. **Office and Occupancy Costs**-WCWWDB Occupies one office. Costs associated with this category include:

1. Office Lease
2. Software and Other Technology
3. Office Equipment and Furniture
4. Facilities Costs
5. Meeting Expense
6. Office Supplies

Costs associated with these categories are coded to Administrative or Non-Administrative cost pools if not directly attributable to one program. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.

- D. **Communications:** Costs associated with this category are coded to Administrative or Non-Administrative cost pools if not directly attributable to one program. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.
- E. **Tech Support:** Costs associated with this category are coded to Administrative or Non-Administrative cost pools if not directly attributable to one program. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.
- F. **Printing/Ads:** Costs associated with this category are coded to Administrative or Non-Administrative cost pools if not directly attributable to one program. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.
- G. **Bank Fees:** Costs associated with this category are coded to Administrative cost pool. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.
- H. **Dues & Subscriptions:** Costs associated with this category are coded to Administrative or Non-Administrative cost pools if not directly attributable to one program. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.
- I. **Subcontracts:** Costs associated with this category are coded directly to the program the subcontract is applicable to.
- J. **Insurance:** Costs associated with this category are coded to Administrative cost pool. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.
- K. **Professional Fees:** Costs associated with this category are coded to Administrative cost pool. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel

spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.

- L. **Miscellaneous Expense:** Costs associated with this category are coded to Administrative or Non-Administrative cost pools if not directly attributable to one program. Shared cost items that affect multiple fund sources are allocated by use of a cost allocated Excel spreadsheet. The spreadsheet bases fund allocations on actual hours worked by WCWWDB staff in individual funding sources for the previous month.
- M. **Direct Customer/Participant Support:** The cost of expenditures paid to vendors on behalf of customers/participants of SWWDB programs are directly charged to the program that the customer/participant is enrolled in, and the costs are allowable under. Although WCWWDB Training and Support Service Payments Policy allows for direct payments to customers, WCWWDB views it as a best practice to form relationships with the vendors of services/goods customers need and pay the vendors for the value of the goods/services received by the customer.

WCWWDB recognizes that unallowable costs, as defined in **Title 2 Code of Federal Regulations (2 CFR Part 200, Selected Items of Cost 200.420 – 200.476)** and/or the Federal Acquisition Regulations, cannot be charged to Federal program awards and has internal controls in place to ensure that this policy is followed. Examples of unallowable costs include, but are not limited to:

1. advertising and public relations other than as specified in 200.421(b) and (d),
2. entertainment/alcoholic beverages (200.423 and 200.438),
3. bad debts and losses on other awards or contracts (200.426 and 200.451)
4. capital expenditures, except with prior written approval of the Federal awarding agency (200.439),
5. defense of claims by or against the Federal Government (200.435),
6. late fees, fines, and/or penalties (200.441),
7. interest expense (200.449); and
8. lobbying and fund raising (200.442 and 200.450).

Unallowable expenditures are charged to WCWWDB Corporate Account/Fund (Orion Fund 240) and covered with corporate funds, not grant funds.