TCOG administration & finance

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Texoma Council of Governments
FYE 2025 Cost Policy Statement and Cost Allocation Plan

Texoma Council of Governments uses the cost allocation method prescribed in OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 2 C.F.R. Part 200; *Review Guide for State and Local Governments State/Local-Wide Central Service Cost Allocation Plans and Indirect Cost Rates; U.S. Economic Development Administration Indirect Cost Instructions;* and the Texas Uniform Grants Management Standards (UGMS) to distribute shared costs throughout the grants and programs that it administers.

Description and Justification of Allocation Rationale

Texoma Council of Governments charges costs that are reasonable, allowable, and allocable to state and federal awards directly or indirectly. Texoma Council of Governments recognizes that unallowable costs, as defined by OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200 and UGMS, unless exempted or otherwise allowed, cannot be charged to state or federal awards and has internal controls in place to insure this is followed.

Cost Policy Statement

Basis of Accounting:
TCOG uses the current financial resources measurement focus and the accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available when it is collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, TCOG considers revenue available if it is collected within 60 days of the end of the fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Grant revenues, state financial assistance, membership dues and interest are all susceptible to accrual. All other revenue items are considered measurable and available only when cash is received by TCOG.

Indirect Cost Rate Allocation Base: Total Direct Salaries and Wages, including Fringe Benefits

Employee Fringe Benefits: Employee fringe benefits are charged to each program in direct proportion to total time spent.

Internal Control: Texoma Council of Governments maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal and State contracts or grants. TCOG uses MIP Fund Accounting software that has built-in internal control features such as password security, restricted access, levels of authorization, dual entry, date restriction and designated approval processes.

DESCRIPTION OF COST ALLOCATION METHODOLOGY

Salaries and Wages:

All time is accounted for on employee time sheets, reviewed by supervisors and submitted electronically to the Finance Department for processing. Timesheets are submitted on a biweekly basis. The MIP Fund Accounting software distributes the cost to the general ledger of the appropriate grant or pool. Program salaries are charged directly to the appropriate program budget. Salaries and benefits for the Executive Director or other staff services that benefit all program areas are allocated to Indirect Costs. No payroll costs can be duplicated.

Fringe Benefit Allocation:
The following is a list of fringe benefits paid for all regular full time employees:

FICA/Medicare
Unemployment Insurance
Worker's Compensation
Health Insurance
Dental Insurance
Health Saving/Reimbursement Accounts
Term Life Insurance
Employee Assistance Program
Fraud Hotline
Retirement Contribution
Paid Time Off
Personal Day
Holidays

Fringe benefits are tracked through the payroll module of the MIP accounting software. Charges to grants and programs are in direct proportion with compensation charges based on the percentage of total time worked on each grant/program as documented in our time and effort tracking system (EWS). The resulting rate produces a cost to each program that ensures each program is charged a proportionate share directly related to the actual time worked on that program during the pay period. Illustration below:

Program	Actual Time Worked (hrs)	% of Total Actual Time	Distribution of Benefits
A	23	28.75%	28.75%
B	28	35.00%	35.00%
C	29	36.25%	36.25%
Total	80	100.00%	100.00%

If no actual work hours occur during a particular pay period where PTO is taken, PTO is allocated back to the programs based on a 12-month look back period.

Travel:
Travel is charged directly to the program or cost pool that it benefits. The purpose of travel is documented by travel request forms, which the employee prepares and signs prior to receiving payment. Travel costs are finalized with an after-travel form that documents final expenses. Travel costs that benefit more than one program are allocated to those programs based on the ratio of actual time worked. Travel complies with state and federal guidelines and with TCOG's travel guidelines.

Copies/Printing:
TCOG uses leased copiers, each of which has been programmed with preset codes used to identify the program and grant where appropriate using the machine and the number of copies produced. Preset codes are programmed into scanning cards (i.e. badges) which staff use to track expenses. Costs are recovered monthly based on a proportional share of copies.

Postage:
Metered postage is charged directly based on actual postage cost. Postage costs that benefit more than one program are allocated to those programs based on the ratio of total expenses (less personnel and indirect). The cost of the postage meter is recovered monthly based on a proportional share of the number of items mailed.

Information Technology:
Allocated to the program benefitting from the service. Costs for IT (computers, email accounts, VoIP, program-specific servers) are charged directly to the program for which the service or device(s) was incurred. Costs are allocated monthly based on the number of devices in each program or grant with shared costs allocated based on time and effort.

Professional Services:
Allocated to the program benefitting from the service. All professional services costs are charged directly to the program for which the service was incurred. Services that benefit more than one program within that grantor agency are allocated to those programs based on the ratio of actual time worked.

Office Supplies:
Supplies used for a specific program are charged directly to that program based on usage. Costs that benefit more than one program are allocated to those programs based on the ratio of total expenses (less personnel and indirect).

Equipment
Equipment is expensed directly to programs. Costs that benefit more than one program are allocated to those programs based on the ratio of total expenses (less personnel and indirect).

Insurance
Insurance needed for a particular program is charged directly to the program requiring the coverage with shared costs allocated based on the ratio of total expenses (less personnel and indirect).

Facilities/Space/Utilities Costs:
Allocated through the Indirect Cost Pool.

Training/Conferences/Seminars
Allocated to the program benefiting from the training, conferences or seminars. Costs that benefit more than one program are allocated to those programs based on the ratio of actual time worked.

Other Expenditures:
The remaining expenditure categories (such as meeting registrations, dues, membership and publications, etc.) are costs for which each program directly pays. Documentation to support program allocations includes items such as purchase requisitions, payment authorizations, receiving reports and vendor invoices.

Audit
Fees associated with TCOG's annual Single Audit are allocated to the grants or programs through the Indirect Cost Pool. Additional audit fees associated with the Section 8 Housing Program's REAC submission are expenses directly that that program.

Indirect Costs:
The Indirect Cost pool is used to allocate the general costs of the Texoma Council of Governments that cannot be directly assigned to a specific department, program or grant. The Indirect Cost Pool was established by OMB Circular A-87, updated in OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,2 C.F.R. Part 200, and further defined by the Uniform Grants Management Standards (UGMS).

The budget for the Indirect Cost Pool includes Personnel Expenses (i.e. salary and benefits for the Executive Director, Finance Director, Human Resources Specialist, Accounting Specialist and Public Information & Media Manager) and Operational Expenses (janitorial, lawn service, pest control, audit services, audit consultant, legal services, utilities, training & travel, advertising, copier expense, depreciation, dues/subscriptions, insurance, postage, printed material, building maintenance, interest expense, supplies). The Indirect Cost Pool also includes IT-related costs that benefit the organization at large and that cannot be directly associated with an individual/program (i.e. servers, email, off-site back-up, firewall maintenance, on-site support).

Costs for any of the employees that can be readily identifiable as associated with a particular program or cost pool will be directly charged to that program. Indirect costs are allocated based on the actual accumulated expenditures in the indirect cost pool. Using the Simplified Allocation Method, the total allowable indirect costs are divided by an equitable distribution base. For TCOG, the distribution base is the total direct salaries and benefits. The result of this process is an indirect cost rate, expressed as the percentage which the total amount

of allowable indirect costs bears to the allocation base. The rate provides a monthly charge to all programs to insure that all programs are equally charged a proportionate share of the Indirect Costs.

Indirect costs are not to be considered Administrative or Overhead Costs. It is an accounting method used when costs are: (a) incurred for a common joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objective specifically benefited, without effort is proportionate to the results achieved. This method is outlined in OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 CFR. Part 200) as an allowable method of cost distribution. TCOG uses total direct salaries and wages as the basis for distributing indirect costs to individual program areas, resulting in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from the costs.

Allocations within individual programs:
Indirect costs and other cost allocations are made at the program level. In some cases, costs must be allocated between various funding streams within a program that permit the same expenditures. When this is necessary, the individual programs will develop allocations that are acceptable to their granting agencies.

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