

**Final Guidance on
Cost Allocation Plans for
Regional Workforce Boards**

July 27, 2005



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FINAL GUIDANCE - Cost Allocation Plan Procedures

OF INTEREST TO:

Workforce Florida Inc., Regional Workforce Boards (RWB's), and other entities engaged in implementing federal and state workforce programs listed in Chapter 445, Florida Statutes.

SUBJECT:

Review and approval process for cost allocation plans submitted by regional workforce boards.

PURPOSE:

To establish procedures for the preparation of cost allocation plans by regional workforce boards, and define the responsibilities of the Agency for Workforce Innovation for review and approval of the plans.

DEFINITIONS:

Cost Allocation Plan: A plan that demonstrates how a regional workforce board determines and allocates shared costs to federally funded programs.

Direct Costs: Costs that benefit and are directly recorded to a specific program.

Shared Costs: Costs that cannot be readily assigned to a final cost objective, therefore, they are initially charged to an interim cost pool and subsequently allocation to final cost objectives.

Authorized official: An appropriate member of management from the awarding agency (AWI). For purposes of this guidance, the AWI Financial Management Systems Assurance Section leader is the authorized official.

BACKGROUND AND UNDERLYING FEDERAL POLICY:

Cost allocation is based on the premise that each Federally funded program should only bear its appropriate proportion of costs based on the benefits received or derived by each program.

STATE GUIDANCE:

Regional workforce boards will submit their proposed cost allocation plans and plan amendments to the Agency for Workforce Innovation. The plans must conform to OMB Circular requirements.

AVAILABLE REFERENCE MATERIALS:

AWI Staff has prepared this Cost Allocation Plan guidance paper to assist the regional workforce boards. Information included in this guidance paper includes, but is not limited to:

- Introduction information on cost allocation plans;
- Information on the basic elements of a cost allocation plan;
- A cost allocation plan template;
- A cost allocation plan processing checklist;
- An annual cost allocation plan certification form for unchanged plans; and
- The process for AWI to notify the RWBs via e-mail of approval/disapproval decisions.

The entire guidance paper is available online at the following address:

http://www.floridajobs.org/PDG/RWB_Guidance.html

EFFECTIVE DATE:

Issuance of this guidance represents approval by AWI management of the indicated procedures and related administrative forms. These procedures will be effective as of the date of this guidance paper.

If you have questions or concerns regarding the guidance provided here, please contact the Financial Management Systems Assurance Section (FMSAS) at (850) 245-7481 or by e-mail at FMSAS-RWB@awi.state.fl.us.

AUTHORITY:

OMB Circulars A-87 and A-122
Workforce Investment Act of 1998

Footnotes:

¹ OMB Circular A-122 Attachment A, Section 4(a) (allocable costs).

² Cost principles for all non-profit organizations that accept federal funds are provided in OMB A-122. Cost principles for governmental entities (not including universities) that accept federal funds are provided in OMB Circular A-87.

Section I - Introduction to Cost Allocation Plans

Definition

A Cost Allocation Plan (CAP) is a document that specifies the allocation methods used for distributing all costs of an organization. A plan for allocating shared costs is required to support the distribution of those costs to grant and non-grant programs. All costs of the entity should be included in the plan. Official accounting records must support all costs.

In order for costs to be allowable in Federal grants programs, the costs must be allocable on the basis of benefit received. The requirements and guidance for cost allocation are found in the Office of Management and Budget (OMB) circulars containing the cost principles (OMB Circular A-122 for nonprofit organizations; OMB Circular A-87 for governmental entities).

Purpose

- To ensure direct and shared costs are properly and accurately recorded within each program area;
- To ensure each program receives its allowable share of those costs which benefit the respective program, and
- To ensure each program's costs are properly identified (for example, direct services and administration).

Value

- **Meets Federal cost principles and standards** when requiring approved cost allocation plans as a prerequisite to claiming reimbursement of costs.
- **Establishes creditable fiscal accountability practices** that recognize shared costs relative to programs or units of service as a necessary component of program delivery.
- **Establishes financial management standards and practices** that may be applied uniformly with all grantee agencies through the accounting and budgeting process.
- **Promotes the use of up-to-date, integrated grantee accounting systems and procedures** within their organizational entities, so that shared costs can be identified and allocated across all programs and activities.
- **Results in the sharing of costs** from all programs and activities, beginning with their appropriate recognition in the budget process.
- **Eliminates arbitrary methods** sometimes used to account for all costs in order to achieve full reimbursement.
- **Uses CAPs as a management tool** to improve and standardize fiscal management policies and practices. In addition, the CAP provides a clear and concise method to develop budgets and prepare plans.

Section II - Developing a Cost Allocation Plan

Basic steps to Allocate Costs

1. Clearly define who, what, where, and how the board provides services.

This information should be clearly defined in the organizational background section of the cost allocation plan. This step is necessary to understand the board's operating environment and how it relates to its partners in the delivery of services.

2. Identify services and costs to be allocated.

All activities and related costs should be analyzed. Services and costs that benefit single programs should be identified and may be allocated individually or grouped together based on the benefits provided to program or administrative functions. The RWB should then identify services and costs that benefit multiple programs. These costs may also be allocated individually or grouped together based on the benefits provided to program or administrative functions. If these costs are grouped together each grouping should constitute a pool of expenditures that are of like character in terms of the functions they benefit.

3. Develop annual budgets.

The development of a shared costs budget is an important planning and managerial tool. It gives a clear picture of the resources needed by the board. It enables the board to achieve economies of scale to make use of resources or staff that might otherwise be underutilized. If partners are sharing resources, a resource sharing agreement should be developed.

*Please note that the cost allocation plan itself will **not** include this budget information. Instead, illustrative examples of the costs to be allocated to benefiting programs will be used.*

4. Determine allocation method.

There can be many acceptable ways to allocate a cost pool (see Appendix A). Because there is no magic formula in determining an allocation method, the board should experiment with several allocation methods in the planning stage and then select the one that is the simplest, most straight-forward way to appropriately allocate the costs. Some methods may be preferable based on the board's ability to have some level of control over the units of measurement.

5. Allocate and maintain documentation.

Cost pools should be consistently allocated and properly documented. The source and frequency of the underlying data used in the allocation methodology should be properly documented.

6. Report and review costs determined by plan.

Once the cost pools have been allocated to the benefiting funding streams and recorded into the accounting system, it is necessary to periodically review the allocation methods for consistency, certify the method as accurate, and compare results to projections. The results of distributing the pooled costs should be projected at least quarterly. The board must ensure that reported costs are auditable in compliance with applicable federal circulars.

Suggestions

The following suggestions should be considered when developing a CAP.

- **Organize the Plan Document.** The CAP should be logically organized and made no more complicated than necessary. The plan should include a cover page and table of contents. Pages should be numbered, headers should be included on schedules, and all calculations should be explained. The plan should be a “stand alone” document, written in a concise manner with sufficient detail included for a reader to understand the information disclosed and for staff to reproduce the allocation calculations described.
- **Keep it Simple.** The CAP should include the simplest and least costly allocation methods possible (based on a measure of relative benefit received) that will produce an appropriate allocation of costs to programs and cost categories.
- **Make it Replicable.** The process that is developed must be able to be duplicated at any time, and be able to accommodate changes in the organization or funding levels.
- **Consider Accounting System Requirements.** The required structure and capabilities of the accounting system must be considered in designing an operable cost allocation process.
- **Make Changes Prudently.** Changes in an organization’s CAP that result in a retroactive redistribution of costs to the benefiting cost objective are allowable where the change results in a more appropriate distribution of costs. Such changes in allocation methodology should be rare, receive the necessary prior approvals, and be justified and well documented.

Basic Cost Considerations

Measuring Benefit

Measuring benefit is the critical requirement and central task to be performed in allocating costs. Costs are allocable to a particular cost objective on benefits received by that cost objective. When the direct measurement of benefit cannot be done efficiently and effectively, then it is appropriate to pool the costs for later distribution. The allocation base is the mechanism used to allocate the joint/shared costs to final cost objectives. Care should be taken to ensure that the basis chosen does not distort the results.

Allocability

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. Any cost allocable to a particular grant or other cost objective under these principles may not be shifted to other Federal grants to overcome funding deficiencies, to avoid restrictions imposed by law or grant agreement, or for other reasons. Costs that are prohibited by a funding source may not be paid or used as offsets under a joint/shared cost allocation plan. It should be noted that the OMB Circulars provide a distinction between cost allocation and funding allocations (see Section III, “Explanation of Funding Decisions”).

Allowability

All costs are allocable to a particular cost objective, such as a grant program, project, service, or other activity, in accordance with the relative benefits received. Costs are allowable if the

treatment is consistent with other costs incurred for the same purpose, in like circumstances and if it:

1. Is incurred specifically for the grant program;
2. Benefits the grant program and can be distributed in reasonable proportion to the benefits received;
3. Is a reasonable cost which is necessary to the overall operation of the organization although a direct relationship to any particular cost objective cannot be shown; and
4. Is an allowable cost in accordance with federal, state, and local policies, rules and regulations and is not in direct conflict with any contractual provisions.

To reduce the risk of accumulating and being held accountable for disallowed costs, anticipated program expenditures, the terms and conditions of the award(s), and applicable regulations should be carefully reviewed before any program costs are incurred.

Reasonableness

For a cost to be reasonable under an award, it will not exceed that which would be incurred by a prudent person under the same circumstances. In determining the reasonableness of a given cost, consideration should be given to:

- Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the organization or the performance of the award.
- The restraints or requirements imposed by such factors as generally accepted sound business practices, arms-length bargaining, Federal and state laws and regulations, and terms and conditions of the award(s).
- Whether the individuals concerned acted with prudence in the circumstances, considering their responsibilities to the organization, its members, employees, and clients, the public at large, and the government.
- Significant deviations from the established practices of the organization that may unjustifiably increase the award's cost.

Basic Cost Categories

Costs can be grouped into categories for the purpose of discussing cost allocation. The following is a brief description of each of these categories:

Direct Costs

Direct costs are costs that benefit a single funding source. Examples of assignable direct costs that are charged to the program include:

- Compensation paid to employees whose time is devoted specifically to the fulfillment of a particular program objective (for example, the adult education program staff providing basic skill instruction at the One-Stop);
- Costs of pre-approved items such as equipment, consultants, and subcontractors for performance of services specifically for the program; and
- Costs of any materials purchased specifically for a particular program.

Shared Costs

These costs cannot be readily assigned to a final cost objective, therefore, they are initially charged to an interim cost pool and subsequently allocated to final cost objectives. Examples of cost pools include:

- One-Stop Management Cost Pool (salaries, supplies, and travel related to the oversight of direct services to clients)
- Facilities Cost Pool (rent, utilities, security, and janitorial services)
- Data and Telephone Cost Pool (hardware, software, network connections, and telephone service)

Administrative Costs

Administrative costs are direct or shared management expenses of an entity for staff, space, and other costs that benefit more than one cost objective and are not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. These costs include RWB oversight expenses.

Allocation Methodology Requirements

Cost allocation methodologies should meet the following requirements:

1. Use **direct costing** whenever possible.
Direct (non-allocated) labor costs must be supported by personnel activity reports that record the activities of the people who are providing direct labor. (Note: personnel activity reports are required unless an alternative time distribution system is submitted for review and receives written prior approval from AWI, the cognizant agency). See Appendices C and D for more information.
2. Be a **reasonable reflection of the actual** business operations.
Allocation methods that do not reasonably reflect the actual business operations and resources expended toward each unique business entity are not acceptable.
3. Reflect only the **portion** of costs that is **applicable** to the specific program.
For example, if two programs share space in a building, the rent should be allocated based on use.
4. Be **consistent** in the allocation methods used.
For cost-reporting purposes the same allocation methods should be applied to costs across grant programs, contracts, special projects and other activities. Revised allocation plan descriptions must be provided to AWI when a change to the methodology occurs.
5. Provide a **clear** and **understandable** explanation of the numerator and denominator of the allocation ratio used, described in words and in numbers. This description must show how the allocation ratios were calculated and the numbers used in the calculations.
6. Show **100% allocation** of the costs being allocated.
7. Be **clearly** and **completely documented** in the supporting work papers.
The entity's files should include details to show how specific allocations were made. This information should be available if requested.

Please note that any allocation methodology selected must lend itself to being reproduced and reconciled with amounts reported on the trial balance. Each board should verify allocations agree to accounting records (trial balance reports and subsidiary ledgers) on a regular basis.

What is the Best Base?

There is no single answer to that question. The answer varies by type of organization, levels within an organization, organizational structure, method of program delivery, accounting and participant 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 preliminary decision-making and analysis.

Subrecipients are encouraged to develop and use appropriate expenditure bases (such as salaries and fringe benefits, and total direct costs) and participant bases (such as number of participants enrolled) to allocate shared/joint costs. Where a subrecipient conducts several service programs with multiple funding sources and uses an automated accounting system, an appropriate expenditure base is often one that reflects actual time spent or participants served. See Appendix A for various acceptable allocation methodology examples.

Unacceptable Allocation Bases

In general, unacceptable allocation bases are those that do not meet the general guidelines previously discussed. 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;
- Results from prior periods to allocate current period costs.

Bases developed from plans, budgets or estimates cannot stand on their own as valid measures of benefit. They can be used only in very limited situations, especially when the results can be corroborated by, or later adjusted for, the results obtained by using an acceptable base. This requires that the base selected be verified as able to produce a reasonable distribution of costs.

Common Errors

A common error in choosing a base is to use a plan, budget, job description or other estimate of future effort, cost or planned activity. In most circumstances, this type of base is not acceptable because it does not measure actual activity, effort, or cost. Too often the subsequent adjustments based on actual data are not made. In most instances, the most reliable measure of the amount of cost incurred, the effort expended and the benefit received can occur *only* when the activity is actually performed.

Some grantees estimate (in their position descriptions, organizational charts, or other documents) the percentage of time their director or other staff members will be involved in specific programs. These estimates are useful for planning purposes but must eventually be supported by documentation of actual program activities. Costs charged to programs based on estimates will need to be adjusted to reflect actual time spent performing specific program activities.

It is also common for grantees to determine the percentage of time their staff will be involved in the different programs. Occasionally, this determination results in pre-assigned number of hours available for program activities. Staff members are instructed to charge the programs according to the established hours. Again this predetermination is useful for planning purposes; however, any costs charged to the programs must be adjusted as necessary to reflect actual time spent on benefiting program activities.

In closing, a particular basis may work in some circumstances and not in others. The ultimate test of appropriateness is whether or not the basis used results in a reasonable distribution of costs that reflects the level of effort or benefit received by the various cost objectives.

Section III - Essential Elements of a Cost Allocation Plan

Essential elements that should be included in a cost allocation plan are described below. See Appendix E for the checklist used in determining whether all elements are present in a cost allocation plan.

Certificate of Cost Allocation Plan

The plan must include a certification that the plan was prepared in accordance with OMB Circular A-87 or A-122 (whichever is applicable). The certification must be signed by an employee at the Chief Financial Officer position or higher. The certification must state the following (see Appendices F or I for the certification template.):

- All costs are properly allocable to federal awards 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 requirements;
- Similar types of costs have been accounted for consistently; and
- AWI will be notified of any accounting changes that would affect the calculations.

Overview of Organizational Structure

- An overview description of the regional workforce board and its partners. Each partner (AWI and non-AWI) should be identified by name, location, and funding stream.
- A description of the activities performed by each partner and an explanation of benefits provided to federal programs.
- A narrative description of any shared services and the delivery method of core system services.
- An organizational chart that depicts the relationship between the board, its partners, and shared activities.

Explanation of Funding Decisions

Regional workforce boards receive limited funding from certain programs to cover costs. The following language is recommended to be included in RWB cost allocation plans to disclose their ability to modify funding decisions:

The RWB has structured this cost allocation plan in accordance with OMB Circular guidance. It should be noted that the Circulars provide a distinction between cost allocation and funding allocations. The RWB's management is aware of this distinction and makes funding decision modifications as needed. A brief explanation of the two processes is included as follows:

A function or activity within the RWB that benefits two or more programs may be set up as a single cost objective. Costs allocable to that cost objective are allowable to any of the involved programs that benefit from these activities/costs. In addition, the RWB can make a business funding decision regarding which combination of funds would be applied to this cost objective.

EXAMPLE:

This example has been provided to show the difference between the cost allocation percentages and the allowable funding decision allocations. In the example below, the costs were allocated based on clients served. The costs for the Vets Program are allowable and can be funded by WIA programs, so the funding decision percentages reflect this adjustment. However, these costs could not be funded by the TANF Program because these costs are not eligible or allowable under that program.

| Program | Actual Allocation % | Funding Decision % |
|----------------|----------------------------|---------------------------|
| WIA | 50% | 60% |
| TANF | 40% | 40% |
| Vets | 10% | 0% |
| | | |
| Total | 100% | 100% |
| | | |

Discretion over funding decisions belongs to the RWB. However, the ability to make these funding decisions cannot change the basic nature of the costs being allocated. If such costs are unallowable according to the OMB Circulars or program regulations they will remain unallowable.

Cost Allocation Descriptions

- Description of all costs (direct, service provider, board, and shared/pooled).
- Statement that all salary allocations are supported by acceptable personnel activity reports, or an acceptable alternative that has received prior approval in accordance with OMB Circular A-122. If personnel activity reports are not used, the board should submit supporting documentation of AWI’s prior approval for any alternative time distribution system used.
- Description of board costs should include the methodology used to allocate between administrative and programmatic functions. (See Appendix B for the Cost Category Allocation Guide.)
- Function and benefit statements for all pooled/shared costs that need to be allocated. The function statement should describe the shared activity (service provided), and the benefit statement should explain how the various programs benefit from the function. Each grouping should constitute a pool of expenditures that are of like character in terms of the functions they benefit and in terms of the allocation base which best measures the relative benefits provided to each function.
- Allocation method statements for all pooled/shared costs to be allocated. The cost allocation methodology must include the following:
 - a. Basis and method to be used in distributing the costs;
 - b. Rationale for the basis and method selected;
 - c. Frequency that the underlying data will be updated; and
 - d. Description of supporting documentation that will be maintained.

See Appendix F for an example Function, Benefit, and Allocation Method Statement.

Example Cost Allocation Schedules

- **Example Cost Pool Allocation Schedules:** Each cost pool's function, benefit, and allocation method statements should be supported by a cost pool allocation schedule that illustrates how the pooled/shared costs are allocated. The schedule should support the function, benefit and allocation method statements. The allocation schedule for each cost pool should display:
 - a. The total estimated dollars to be allocated to each benefiting partner;
 - b. The method chosen to distribute the cost pool;
 - c. The statistics used in the distribution; and
 - d. The results of the allocation to each partner from the pool.
- **Example Summary Schedule:** In addition to the example cost pool allocation schedule, an example summary schedule of the results displaying the grand total allocation results by partner and cost pool should be included in the plan. See Appendix F.

Resource Sharing Agreements and Memorandum of Understanding (MOU)

What Does Workforce Investment Act (WIA) Require?

In accordance with the WIA Regulation at 20 CFR §662.230, all required One-Stop partners must enter into a Memorandum of Understanding (MOU) with the RWB relating to the operation of the One-Stop system in the local area.

Further, the WIA regulation at 20 CFR §662.270 provides that the particular arrangements for funding the services provided through the One-Stop system and the operating costs of the One-Stop system must be described in the MOU. Each partner must contribute a fair share of the operating costs based on the use of the One-Stop delivery system by individuals attributable to the partner's program.

What are "System Costs" and "Shared System Costs"?

System costs can be defined as all costs incurred by One-Stop partners for the period of the agreement, which are necessary for the provision of services and the operation of the One-Stop system. All partners must make available to participants through the One-Stop delivery system the core services that are applicable to each partner's programs. In addition to the provision of core services, One-Stop partners must provide access to the other activities and programs carried out under the partner's authorizing laws. As identified in the WIA regulations, each partner must identify these services and the particular arrangements for funding these services in the MOU.

Further, for the purposes of developing a system-wide cost allocation plan, it will be necessary for each partner to identify which of these overall system costs represent "shared system costs." A *shared system cost* is one that is incurred by one partner, but which benefits at least one other partner in the One-Stop system. Since these shared system costs, by their definition, benefit more than one partner in the One-Stop system, they must be included in the total population of costs to be allocated among the benefiting partners. The shared system costs that will be incurred by each partner must be identified during the MOU negotiation process in order that proper allocation methodologies may be developed.

The shared system costs could include, but would not be limited to, such items as:

- The shared costs necessary to operate the physical One-Stop center(s)

- The shared costs of providing services through One-Stop delivery system
- All other shared costs essential to establishing and maintaining the One-Stop system. This could include such costs as:
 - RWB operating expenses
 - Web-site development costs
 - Case management software
 - Marketing costs
 - Labor Market Studies
 - Internet Connection

Why are Cost Allocation and Resource Sharing Important?

Service delivery should be the prime factor driving the operational planning of each local workforce delivery system – not cost accounting. However, the development of sound cost allocation plans and resource-sharing agreements must be an important part of the planning process. Federal funding sources and good management practices dictate that costs be accumulated in an organizational structure to control budgets, measure the efficiency of operations and report financial information.

Proper planning and development of the One-Stop system cost allocation plan and resource sharing agreement is critical to the RWB and to each individual partner in the system. These processes will ensure the RWB that there are sufficient resources available within the One-Stop system to sustain the operation of the system and will ensure that each partner fairly shares in the costs of operation. Through these processes, each individual partner will identify in which manner they plan to contribute to the operation of the system and will learn what their expected share of the system costs will be.

To comply with the requirements of WIA and with applicable OMB circulars that govern federal funding sources within the One-Stop system, the RWB should negotiate each partner's portion of the shared system costs in a way that promotes the principles of proportionate cost sharing. To accomplish this, the RWB must be able to support the reasonableness of the negotiated amounts through the use of cost allocation methods. The measurement of benefit is the critical requirement and central task to be performed in allocating costs. Costs are allocable to an individual partner based on benefits received by that partner.

Negotiating the Cost Sharing Component of the MOU

There are 8 steps in negotiating the cost-sharing component of the MOU. As previously explained, while cost accounting should not be the prime factor driving operational planning, it must be considered throughout the entire process. The objectives of the 8-step process is to (1) ensure that One-Stop system costs are proportionally shared among all partners and (2) to ensure that sufficient resources are made available by the partners to sustain the operation of the system.

1. Identify all of the One-Stop system partners.
This includes partners physically located at the One-Stop center(s) and those located at alternate sites.
2. Identify all "shared system costs".
Shared system costs are those costs incurred by one partner but which benefit at least one other partner in the One-Stop system.
3. Group the costs identified in Step 2 by the partners receiving benefit from the costs.

4. Establish cost pools as appropriate.
5. Determine an allocation method for each pool and individual cost.
There are several methods to choose from, and the best base is one which allocates costs equitably to the partners receiving benefit from the costs.
6. Allocate the pools/ individual costs using the methods from Step 5.
This will establish the total projected costs allocable to each partner.
7. Examine results.
Identify the projected system costs to be paid by each partner and compare amounts to each partner's allocable share of the total costs as determined in Step 6.
8. Implement Resource Sharing Agreement/MOU (if applicable)
A further contractual agreement will be required to facilitate any payments between partners that ultimately may become necessary as a result of Step 7.

Implement Cost Allocation and Resource Sharing

As a result of Steps 1 through 8, the RWB may have estimates of shared system costs and the portion of total costs that each partner will be expected to pay. Once the One-Stop system becomes operational, the RWB and each partner must establish reporting systems to capture actual data for each basis of allocation that was selected and also must develop systems to capture actual expenditure data. The actual data would then be used in the cost allocation plan to provide the RWB and each partner with the relevant information concerning how the One-Stop system will be sustained fiscally.

Current federal regulations dictate that discrepancies between projected costs and actual costs ***must*** be properly adjusted. Frequent monitoring of the cost allocation plan will allow the partners to see when actual costs and other relevant data vary from their projections. It is likely that in the MOU development process, partners will not be able to anticipate all of the system costs that will be incurred once the system is operational. **If variances between projected and actual costs are large, it may be necessary to adjust the service delivery plan, the cost allocation plan and the resource sharing agreements.**

If actual data is not frequently monitored and adjusted, situations may develop in which some partners may not be able to pay their required share of system costs. This will result in a disproportionate sharing of costs among the rest of the partners and may result in those partners incurring cost disallowances.

Resource Sharing Agreements

The cost allocation plan is the instrument that will identify the total shared costs of operating the One-Stop system and what each partner's share of those costs will be. The resources provided by each partner should match the partner's allocated share of the costs. The process of how to allocate resources to partners is outlined in Appendix G.

Each partner can pay for their share of system costs through the use of offsetting costs or actual cash payments into the system or a combination of these two methods. The four ways to pay for allocated costs are:

1. Cash Payments
Most appropriate when a single partner is responsible for up-front funding of all shared services.
2. Goods & Services
In this method, partners fund their share of some shared costs by providing goods or services (typically, equipment and staff) to the center for use in a shared activity. For this method to work, the goods and services must be converted to costs for the period.
3. In-Kind Contributions
Using this method, partners can fund their fair share of allocated shared costs by providing donated goods or services. An example would be providing a volunteer to serve as the receptionist. For this method to work, the donated goods and services must be converted to costs for the period.
4. Full-Time Equivalent
In this method, partners would determine the total number of staff hours necessary to fully staff a particular function. The hours would then be allocated using an agreed upon methodology, providing staff as needed in relation to their allocable share of the total hours. This method is only appropriate for paying for the costs of shared staff functions.

The cost allocation plan should include:

- A description of the total shared costs of operating the One-Stop system
- A description of each partner's fair share of those costs
- A description of how each partner will pay their share of the system costs

For an explanation of unusual instances where the resources provided by each partner do not match the partner's allocated share of the costs, see Appendix E, CAP Checklist for RWBs.

Section IV - Processing Procedures

RWBs are required to submit their cost allocation plans one time to AWI for review and approval. This approved plan should remain in effect until there is a material change to allocation methodologies, programs or operations. For every year in which a revised plan is not submitted, RWBs are required to complete a certification that allocation methodologies have not changed (see Appendix H). Each cost allocation plan submission should include the entire cost allocation plan and the signed certification statement. If future plan revisions are made the RWB may submit one revised cost allocation plan or the original plan and any necessary plan amendments.

Plan Amendments

- I. A cost impact analysis should be prepared by the RWB before any revisions are made to the cost allocation plan. The cost impact analysis should identify the sections of the plan impacted by the proposal and provide an estimate for the related anticipated costs to implement the change(s). The cost impact analysis documents the RWB's efforts to (1) ensure costs are reasonable and allowable for the proposed changes and (2) verify the cost allocation plan revision(s) has addressed all of the required changes.

Please note that the RWBs are **not** required to submit the cost impact analysis with the cost allocation plan revisions.

- II. Due to the potential volume and complexity of plan revisions that may be submitted, AWI will periodically examine all plans on file to determine if a board should submit a cost allocation plan that consolidates the current plan and all approved amendments every three years. This determination will be made on a case-by-case basis and AWI will send notice to the board that a consolidated cost allocation plan is required. A specific due date for submission of the consolidated cost allocation plan will be coordinated with the board.
- III. A plan or plan amendment may be retained in excess of the State of Florida's five-year records retention period for the following reasons:
 - Pending litigation, claim or other action involving the plan or plan amendment that was initiated prior to the expiration of the four-year period.
 - At the discretion of the AWI Director.

Processing Cost Allocation Plans

I. Receipt and Review

- A. AWI will send confirmation to the board within 5 business days of receipt of the plan or plan amendment.
- B. AWI will notify the board within 30 calendar days after receipt of the proposed plan: (1) that the plan is either approved or disapproved, (2) the changes required to make the plan acceptable, or (3) that additional information is needed to evaluate the proposed plan. If AWI cannot make a determination within the 30-day period, it will so advise the board. All comments will cite specific program or regulatory requirements when appropriate.

II. Plan is Approved

- A. If the plan is found acceptable as proposed, AWI will send an approval letter to the board. The approval letter will specify the effective date of the plan and will include the following conditions:
1. The approval is based on information provided by the board and is void if the information is later found to be materially incomplete or inaccurate.
 2. The costs claimed for Federal financial participation must be allowable under the law, the costs principles contained in OMB Circular A-87 or A-122 (as applicable) and program regulations.
 3. Any other conditions considered necessary.

III. Plan is not Approved

- A. If the plan is not acceptable as proposed, AWI will notify the board that additional information is needed or the submission is not in compliance with federal requirements. AWI will outline the area(s) of concern. If appropriate, AWI will cite specific regulations, USDOL or HHS decisions, etc., to support its position, and will recommend the changes needed to rectify the exception. Requests for additional information will be documented whenever the issues are material and will impact the timeliness of AWI's decision regarding the acceptability of the plan.
- B. If as a result of a review or from other information obtained, it is determined that a regional workforce board failed to make necessary revisions to its cost allocation plan, AWI will send notice that an amended plan is required and that questioned costs may be identified if the amended plan is not submitted within a specified period of time. This notification will:
1. Indicate why the plan needs to be amended.
 2. Request the RWB review not only the sections of the plan that are in question but also the overall plan to identify any other changes that may be needed.
 3. Specify a due date for submission of the amended plan. If the amended plan or acceptable justification for an extension is not submitted by the specified due date, the plan will be submitted to AWI's Office of the Inspector General.

Annual Cost Allocation Plan Certification Form

By May 15th of each year, each RWB will submit a revised cost allocation plan (if required) or complete the "Annual Cost Allocation Plan Certification Form" (See Appendix H). Each RWB should follow the procedures described as follows:

1. Complete the Annual Cost Allocation Plan Certification Form. An appropriate member of the RWB management team should review and approve the certification form prior to its submission to AWI.
2. Submit the completed certification form via e-mail to the following address:

FMSAS-RWB@awi.state.fl.us

Electronic signature(s) have been deemed acceptable documentation to initiate this process. In place of an electronic signature, an e-mail transmittal will be accepted.

3. Notification by e-mail or letter will be provided to each RWB upon receipt of the annual certification form.

Dispute Resolution and Appeals

Workforce Florida, Inc. is granted the authority to establish a dispute-resolution process for all memoranda of understanding or other contracts or agreements entered into between the Agency and regional workforce boards by Chapter 445.004(g), F.S. AWI will adhere to this dispute-resolution process.

Appendix A – Allocation Methodology Examples

The following table shows some of the bases that may be used for allocating costs. However, the method used must be fair and equitable.

| Cost Type | Allocation Method |
|---|---|
| Accounting | Number of transactions Direct labor hours Approved time study |
| Auditing | Direct audit hours Expenditures audited |
| Budgeting | Direct labor hours |
| Consumable Supplies | Total direct costs Total direct labor hours Staff salary distribution |
| Counselor | Direct labor hours Number of participants counseled |
| Data Lines | Direct labor hours Staff salary distribution |
| Data Processing | System usage Direct labor hours |
| Disbursing Service | Number of checks issued Direct labor hours |
| Equipment Maintenance | Direct labor hours Staff salary distribution |
| Fidelity Bond | Number of bonded employees |
| Freight | Number of items shipped Cost of goods |
| Health Services | Number of employees |
| Intake | Current period enrollments |
| Janitorial | Direct labor hours Square ft. of space occupied Staff salary distribution |
| Legal Services | Direct hours |
| Motor Pool Costs | Miles driven Days used |
| Office Machines/Equipment Used | Direct machine hours Direct labor hours Staff salary distribution |
| Office space use and related costs (heat, light, janitorial services, etc.) | Square ft. of space occupied Staff salary distribution |
| Payroll Services | Number of employees |
| Personnel Services | Number of employees |
| Postage | Direct usage Staff salary distribution |
| Printing/Reproduction | Direct labor hours Job basis Pages printed |
| Procurement Services | Number of transactions processed Direct hours of purchasing agent's time |
| Receptionist Staff | Direct labor hours Staff salary distribution Number of participants counseled |

| Cost Type | Allocation Method |
|--------------------------|--|
| Resource Room | Direct usage Staff salary distribution Number of employees Number of participants counseled |
| Retirement System Admin. | Payroll Number of employees contributing |
| Supplies | Direct usage Staff salary distribution Number of employees |
| Telephone | Actual usage Staff salary distribution |
| Travel | Mileage Actual expenses Direct labor hours |
| Utilities | Square ft. of space occupied Staff salary distribution |

Appendix B – Cost Category Guide

(Source: NV State Workforce Investment Board Policy Manual, September 2003)

The cost categories noted are intended for illustrative and guidance purposes only. Where both categories are marked, the expense may be either program or administrative depending on the nature of the cost.

| Costs | Admin | Program |
|--|-------|---------|
| Staff Salaries and Fringe Benefits (staff): | | |
| Accounting | X | |
| Administrative Overhead | X | |
| Advertising/Outreach | X | X |
| Audit Services | X | |
| Audit Resolution | X | |
| Budgeting | X | |
| Case Management | | X |
| Clerical Assistant to a Supervisor | X | X |
| Clerical Assistance to Training Personnel | | X |
| Computer Program Analysts | X | X |
| Coordination of Customer Services | | X |
| Counseling | | X |
| Development of Employment Plans | | X |
| Eligibility Determination | | X |
| Executive Staff | X | X |
| Fiscal Staff | X | |
| Follow up Analysis | | X |
| Information Technology | X | X |
| Information Technology Staff | X | X |
| Initial Assessment | | X |
| Intake | | X |
| Job Coach | | X |
| Job Developer | | X |
| Job Search Assistance | | X |
| Labor Market Analysis | | X |
| Legal Staff | X | |
| Maintenance Staff | X | X |
| Monitoring | X | X |

| Costs | Admin | Program |
|--|--------------|----------------|
| Staff Salaries and Fringe Benefits (staff): continued | | |
| Objective Assessment (Employability/Testing) | | X |
| Outreach to Employers to Obtain Job Listings | | X |
| Participant Follow-Up | | X |
| Performance and Program Reporting | | X |
| Personnel Staff | X | |
| Placement Staff | | X |
| Program Design/Curriculum | | X |
| Provision of Program Information | | X |
| Supervisors | X | X |
| Training Personnel (Includes remedial education, basic skills, and institutional training) | | X |
| Other: | | |
| Capital Expenditures | X | X |
| Communication | X | X |
| Councils | X | |
| Equipment Expenditures | X | X |
| Indirect Costs | X | X |
| Insurance & Indemnification | X | X |
| Interest | X | X |
| Maintenance & Repair | X | X |
| Management Studies | X | |
| Materials & Supplies | X | X |
| Memberships | X | X |
| Memorandum of Understanding Development | X | |
| Motor Pools | X | X |
| Preaward Costs | X | |
| Premises | X | X |
| Professional Services | X | X |
| Profit | X | X |
| Publication and Printing | X | X |
| Rental Costs | X | X |
| Staff Training & Education | X | X |
| Subscriptions | X | X |

| Costs | Admin | Program |
|---|--------------|----------------|
| Staff Salaries and Fringe Benefits (staff): continued | | |
| Taxes | X | X |
| Transportation | X | X |
| Travel | X | X |
| Utilities | X | X |
| Customer Service Costs: | | |
| Assessment | | X |
| Contracted Consultant Services Not Involving Direct Training or Support to Participant | X | |
| Core, Intensive and Training Services | | X |
| Eligibility/Intake | | X |
| Employer Assistance/Services | | X |
| Entrance Fees for Participants (lab fees, activity fees, parking fees, application fees, accounting fees, graduation fees) | | X |
| Incumbent Worker Activities | | X |
| OJT/Customized Training | | X |
| Payments for Training Activity | | X |
| Payments for Limited Internships (Youth) | | X |
| Payments for Service Providers for Program Services | | X |
| Self-Service/Informational Services | | X |
| Tuition for Participants | | X |
| Youth Services | | X |
| Supportive Services: | | |
| Child Care | | X |
| Dependant Care | | X |
| Housing Assistance | | X |
| Needs-Based Payments | | X |
| Transportation cost for Participants (includes fares for public transportation, mileage for personal auto, transportation allowances) | | X |

Appendix C – Personnel Activity Report Instructions

The preparation of personnel activity reports (PAR) is required under OMB Circulars A-122 and A-87 (except when a substitute system has been approved in writing by the cognizant agency). The information gathered on the PAR will be used to support salary charges by activities at the regional workforce boards (RWBs).

PERIOD COVERED

The PAR is applicable, at a minimum, to each monthly period of the twelve-month fiscal year for the RWBs. For OMB Circular A-87 entities only, RWB staff that are 100% charged to a single funding source are allowed to submit semiannual certifications of salary charges.

WHO MUST COMPLETE PARs

All employees whose salaries are charged in any amount to the grant programs administered by the RWBs must maintain PARs. Employees who work in more than one activity must complete the report for each pay period or, at least, each month. If an employee leaves during the reporting period, the employee's supervisor should retain the PAR. All employees should begin maintaining the PAR at the time of employment. Employees that charge to a cost pool must also complete PARs.

WHEN MUST THE RECORD BE KEPT

The PAR must be completed at least monthly, and must coincide with one or more pay periods.

WHAT INFORMATION MUST BE RECORDED

Hours compensated is the total number of hours actually worked during the month, plus any paid leave. This should also include paid time off such as holidays, sick leave, and vacation. The hours expended during the month for each applicable activity should be entered in the respective columns.

The hours reported by activity should reflect the employee's best estimate of how time was actually expended and must not be based solely on budgeted effort. Space is provided on the form for tracking additional activities if necessary. All compensated activities that require the employee's effort must be reported, including time charged to cost pools or any activities that may be outside of the normal business of the RWB. After the hours worked are reported each month, the percentages of effort by month and activity may then be computed based on the number of hours reported to activities. These monthly percentages will provide the basis for the employee's monthly salary charges by activity to the RWB.

The employee or his/her supervisor **must** sign and date the PAR after the employee completes the report each month. An example PAR for RWBs is provided on the next page.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|--------------------------|------|------|------------------------|------|------|-------------|------|----------|------|-------|--------------------|---------------|-----------------|---------------|------|
| RWB NAME: | | | | | | | | | | | | | | | | | | | ACCOUNTING CODES | | | OFFICE LOCATION | | | SSN | | MO./YEAR | | | | | | | |
| | | | | | | | | | | | | | | | | | | | RWB data | | | RWB data | | | xxx-xx-xxxx | | May-05 | | | | | | | |
| INDIVIDUAL ATTENDANCE, LEAVE AND PERSONNEL ACTIVITY REPORT | | | | | | | | | | | | | | | | | | | NAME (LAST, FIRST, M.I.) | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | DOE, JOHN | | | | | | | | | | | | | | | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | Time Code | Fund Code | Cat | TOTAL HOURS | |
| | | | | 0.50 | | | | 1.00 | | 0.50 | | 0.50 | | | 1.00 | 2.00 | 1.00 | | 0.50 | | | 1.00 | | | | | | | R | UC | P | 8.00 | | |
| | | | | 3.50 | | | 3.00 | 2.00 | 3.00 | 3.00 | 2.00 | 2.50 | | | 2.00 | 1.00 | 0.50 | 2.00 | 0.50 | | | 1.00 | 2.00 | 3.00 | 2.00 | | | R | UC | A | 33.00 | | | |
| | | | | 4.00 | | | 5.00 | 5.00 | 4.00 | 4.00 | 3.50 | 2.50 | | | 4.00 | 5.00 | 6.00 | 6.00 | 5.00 | | | 6.00 | 5.50 | 4.50 | 6.00 | | | R | Adult | P | 76.00 | | | |
| | | | | | | | | | 1.00 | 0.50 | 0.50 | 2.50 | | | 1.00 | | 0.50 | 1.00 | | | | | 0.50 | 0.50 | | | | R | Adult | A | 8.00 | | | |
| | | 8.00 | 8.00 | | | | | | | | 2.00 | | | | | | | | | | | | | | | | | R | Youth | A | 18.00 | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | Subtotal | 143.00 | |
| | | | | | | | | | | | | | | | | | | | 1.00 | | | | | | | | | | S | | | 1.00 | | |
| 8.00 | 8.00 | | | | | | | | | | | | | | | | | | | | | | | | | 8.00 | | V | | | 24.00 | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 8.00 | H | | 8.00 |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | Subtotal | 33.00 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | 0.00 | |
| 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 0.00 | 0.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 0.00 | 0.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 0.00 | 0.00 | 8.00 | 8.00 | 8.00 | 8.00 | 8.00 | 0.00 | 0.00 | 8.00 | TOTAL HOURS | 176.00 | | | |
| I hereby certify that I have reviewed this record and that it represents a true and correct record of hours worked, authorized overtime and authorized leave. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| EMPLOYEE SIGNATURE | | | | | | | | | | | | | | | | | | | DATE | | | SUPERVISOR'S SIGNATURE | | | | | | | DATE | | | | | |

- | | | |
|--------------------------|--------------------------------|------------------|
| Time Codes: | Fund Codes: | Category: |
| S Sick Leave | Adult WIA Adult | A Administrative |
| V Vacation | DLW WIA Dislocated Worker | P Programmatic |
| JBA Administrative Leave | WTP Welfare Transition Program | |
| H Holiday | UC Unemployment Services | |
| FH Floating Holiday | Youth WIA Youth | |
| R Regular time | NEG NEG Grant | |
| T Travel time | | |

| Summary of Leave Balances | | | | |
|---------------------------|-----------------|----------------------------|---------------------------|-------------|
| Leave Category | FY Beg. Balance | Beg. Balance Current Month | Hrs. Used - Current Month | End Balance |
| Sick | 250 | 200 | 1.00 | 199.00 |
| Vacation | 100 | 50 | 24.00 | 26.00 |
| Floating Holiday | 8 | 0 | 0 | 0.00 |
| Holiday | 72 | 8 | 8.00 | 0.00 |

Appendix D – Alternative Time Distribution Systems

I. OMB Circular A-122 Reference

OMB Circular A-122, Attachment B, Item 8, Section m(1) states that “Charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official(s) of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports, as prescribed in subparagraph (2), except when a substitute system has been approved in writing by the cognizant agency.”

II. USDOL One Stop Comprehensive Financial Management Technical Assistance Guide (TAG) Reference

USDOL One Stop Comprehensive Financial Management Technical Assistance Guide (TAG), Chapter II-8, Alternative Time Distribution Systems requires:

1. The system is consistent with GAAP.
2. The system distributes costs to various programs and cost objectives in question in accordance with OMB Circular A-87 and A-122, and considers the benefit actually derived by each program or cost objective.
3. The approved system, together with its supporting documentation, must describe the system employed and be available for inspection.
4. The applicable record retention requirement applies to the supporting documentation upon which the system is based.

Substitute systems may include random sampling, client counts, transaction counts, or other quantifiable measures of employee effort for a specific time period. Sampling and other measures should take into account relative effort and intensity of service provided to different categories of clients served.

A substitute system that uses sampling methods may be certified to satisfy the requirements of this paragraph if it meets acceptable statistical sampling standards, including the following:

1. The universe from which a sample of employees is taken must include all of the employees whose salaries and wages are to be allocated by means of the sampling;
2. The entire time period for which salaries and wages are to be charged to a Federal grant involved must be covered;
3. The results must be statistically valid and applied only to the time period to which the sample may be validly extrapolated;

4. The results of the sampling system must be periodically updated to reflect changes in the measure used, such as case counts or client counts; and
5. The recipient must use a valid and uniform system for converting the measures of employee effort (such as case counts, client counts) into time.

Certification should be obtained from an independent public accounting firm or another qualified auditor that meets the standards of independence in the General Accounting Office Government Auditing Standards. This certification does not constitute formal approval by the awarding agency. If an organization receives assistance in developing the documentation for a substitute system or the above certification, the auditing firm or qualified auditor providing this assistance may not also audit the system in question in connection with an organization-wide or single audit under OMB Circular A-133.

Please refer to the One-Stop Comprehensive Management Technical Assistance Guide (TAG), Attachment II-8-20-26 for more information. The TAG can be found at www.doleta.gov/sqa/pdf/FinalTAG_August_02.pdf

I. AWI Requirements

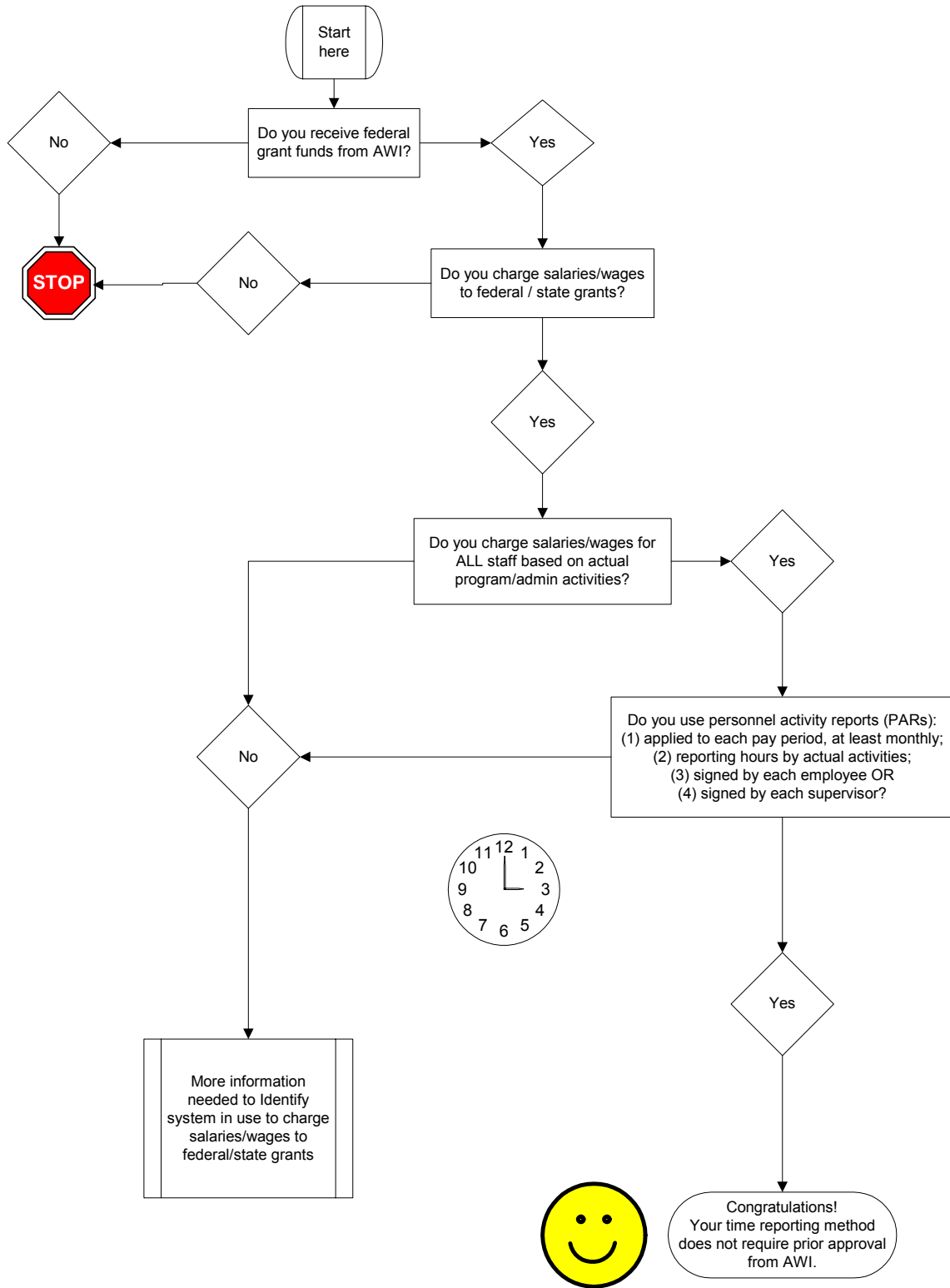
In accordance with the OMB Circular references and federal requirements noted above, information about any alternative time distribution system should be submitted to AWI for approval prior to implementation. The alternative time distribution system must meet the requirements noted above to obtain prior approval. AWI recommends the RWB include a certification report from an independent CPA firm with its submission. This report, at a minimum, should include:

- (1) A description of the system employed;
- (2) Supporting calculations that sufficiently illustrate the system; and
- (3) An attest letter that includes a positive/negative statement regarding the standards listed here.
 - (a) For systems that are based on actual time, client counts or hours of service, compliance with the standards described in items #1 through 4 above should be certified.
 - (b) For systems that are based on random sampling or time studies, compliance with the standards described in items #1 through 4 above should be certified. In addition, the sampling standards described in items #5 through 9 should also be certified.

This information must be submitted to AWI for review and approval before charging or allocating costs. A board may elect not to obtain a certification report. If this choice is made, a detail narrative and supporting information (see items #1 – 3 above) must be submitted to AWI for review.

A flowchart that depicts the process for determining if an alternative time distribution system is in use has been included in this guidance.

Analysis of Time Reporting for Salaries / Wages



Appendix E – CAP Checklists for RWBs

RWB # _____

Prepared By _____ Date _____

| Have the following items been included and adequately explained in the Cost Allocation Plan? | Included in the Plan? | | Adequate Disclosure? | |
|--|-----------------------|----|----------------------|----|
| | Yes | No | Yes | No |
| Prior Monitoring Findings and AWI Review Issues | | | | |
| 1. Cost Allocation changes needed to address prior year monitoring findings. | | | | |
| 2. Other cost allocation changes/updates suggested by AWI. | | | | |
| Certifications | | | | |
| Signed copy of the Certificate of Cost Allocation Plan by the Chief Financial Officer or higher. | | | | |
| Overview Information | | | | |
| - Have all funding sources for the RWB been identified and described? Is an RWB organization chart included that describes the functions and organization of the Board Staff? | | | | |
| - Is a One-Stop delivery method model/chart included that identifies and describes how services are delivered and how the one-stop system is organized (number of centers, etc.) ? | | | | |
| 1. Description of what administrative and program functions are provided by the RWB. | | | | |
| 2. Description of the services provided by each service provider at the One-Stop centers. | | | | |
| 3. Description of other parties that operate at the One-Stop centers that may benefit in shared costs. | | | | |
| Cost Allocation | | | | |
| - Does the plan fully describe all costs for services (at the board and One-Stop levels)? | | | | |
| - Are all shared costs allocated among benefiting partner/partner programs? | | | | |
| - Are all the allocation methods allowable and understandable? | | | | |
| - Are illustrative examples included to describe how shared costs are allocated? | | | | |
| - Do the examples demonstrate the allocation calculations for the identified cost pools? | | | | |
| 1. Statement that all costs that directly benefit <u>one specific program</u> are direct charged to that program (at both the board and One-Stop level). | | | | |

| Have the following items been included and adequately explained in the Cost Allocation Plan? | Included in the Plan? | | Adequate Disclosure? | |
|--|-----------------------|----|----------------------|----|
| | Yes | No | Yes | No |
| 2. Description of cost allocation method(s) used to allocate all costs (at both the board and One-Stop levels) that are <u>not</u> included in a cost pool and <u>allocated to more than one grant</u> (e.g., One-Stop service provider invoices). Does the description include the following? | | | | |
| a. Basis and method to be used in distributing the costs. | | | | |
| b. Justification for the basis and method used. | | | | |
| c. Description of how often the underlying data will be updated. | | | | |
| d. Description of supporting documentation that will be maintained. | | | | |
| 3. Description of method(s) used to allocate/assign costs to administrative and programmatic functions. | | | | |
| a. Basis and method to be used in distributing the costs. | | | | |
| b. Justification for the basis and method used. | | | | |
| c. Description of how often the underlying data will be updated. | | | | |
| d. Description of supporting documentation that will be maintained. | | | | |
| 4. Description of how salaries and wages are supported in accordance with OMB Circular A-122, Attachment B, Item 8(m) OR OMB Circular A-87, Attachment B, Item 8(h). | | | | |
| a. Include a statement indicating all personnel costs for board staff are supported by personnel activity reports (timesheets) or an acceptable alternative that has received prior approval from AWI. | | | | |
| b. Include a statement indicating all costs at the One-Stop system level paid by the RWB are supported by timesheets or an acceptable alternative that has received prior approval from AWI. | | | | |
| 5. Description(s) of other costs that cannot be assigned to specific programs (by the RWB and the One-Stop system). - Shared costs constitute a group of expenditures that are alike in terms of their functions/benefits. - Shared costs are grouped into cost "pools" (for the RWB and the One-Stop system). | | | | |
| 6. Description of Cost Pools (shared costs) for the RWB and the One-Stop system. | | | | |
| a. Function statement is included. | | | | |
| b. Benefit statement is included. | | | | |
| c. Allocation method disclosures are included (see step #7 below). | | | | |
| 7. Description of cost pool allocation method(s) for the RWB and the One-Stop system. | | | | |
| a. Basis and method to be used in distributing the costs. | | | | |
| b. Justification for the basis and method used. | | | | |

| Have the following items been included and adequately explained in the Cost Allocation Plan? | Included in the Plan? | | Adequate Disclosure? | |
|--|-----------------------|----|----------------------|----|
| | Yes | No | Yes | No |
| c. Description of how often the underlying data will be updated. | | | | |
| d. Description of supporting documentation that will be maintained. | | | | |
| Resource Sharing Activities | | | | |
| - Do you share resources or facilities with other entities (Other than AWI staff)? | | | | |
| - Are these entities funded by programs not under the RWB's or AWI's control? | | | | |
| - The cost allocation plan should indicate whether any resource sharing activity exists. | | | | |
| - The cost allocation plan should indicate how often management monitors this activity. | | | | |
| 1. Description of the resource sharing activities IF THEY DO EXIST. | | | | |
| a. Identify the entities sharing resources (with the RWB and/or the One-Stop system). | | | | |
| b. Identify the resources shared or the benefits received (by the RWB and/or the One-Stop system). | | | | |
| c. Identify how the shared resources are funded. | | | | |
| d. Describe how management reviews / reconciles all resource sharing activity results. | | | | |
| e. Describe how management monitors /updates all resource sharing activity. | | | | |
| 2. Description if no resource sharing activities IF THEY DO NOT EXIST. | | | | |
| a. Identify that no entities share resources (with the RWB or the One-Stop system). | | | | |
| b. Identify how management periodically monitors /updates for this activity. | | | | |

Appendix F - Cost Allocation Plan Template

**West Coast
Regional Workforce Board
RWB #102**

COST ALLOCATION PLAN

Effective July 1, 2005, until amended

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Table of Contents

The table of contents should at least include the following elements:

Section I – Certificate of Cost Allocation Plan

Section II – Explanation of Funding Decisions

Section III – Introduction

Section IV – Organization Structure

Section V – Description of Costs and Allocation Methods

Section VI – Resource Sharing Agreement

Section VII - Cost Category Guide

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Section I – Certificate of Cost Allocation Plan

Instructions:

The applicable certification must be included in the Cost Allocation Plan and signed by an employee at the Chief Financial Officer position or higher.

Please note some programs are subject to funding limitations and/or definitions of program or administrative costs that should be identified in the plan. For example, the TANF Block Grant defines costs in terms of (1) administrative, (2) program services and (3) information technology costs. TANF administrative costs are subject to a 10% statutory administrative cap; program services costs and information technology costs are not capped.

The RWB's management should determine if program funds received from AWI have such limitations so the cost allocation plans submitted can address them.

EXAMPLE:

OMB A-122 CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation submitted herewith and to the best of my knowledge and belief:

This cost allocation plan has been prepared and implemented to allocate costs in accordance with the requirements of Generally Accepted Accounting Principles and OMB Circular A-122, "Cost Principles for Non-Profit Organizations."

All costs included in this proposal are properly allocable to Federal awards 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 requirements. Similar types of costs have been accounted for consistently and the State will be notified of any accounting changes that would affect the calculations.

I declare that the foregoing is true and correct.

Organizational Unit: West Coast Workforce Board

Signature: John Doe

Name of Official: John Doe

Title: CFO/Finance Director

Date of Execution: July 1, 2005

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Section II – Explanation of Funding Decisions

Instructions:

An explanation to distinguish between cost allocation and funding decisions that are properly made by management can enhance the reader’s understanding of the cost allocation plan. AWI has prepared the following example language.

EXAMPLE OF FUNDING DECISIONS:

This example has been provided to show the difference between the cost allocation percentages and the allowable funding decision allocations. In the example below, the costs were allocated based on clients served. The costs for the Vets Program are allowable and can be funded by WIA programs, so the funding decision percentages reflect this adjustment. However, these costs cannot be funded by the TANF Program because these costs are not eligible or allowable under that program.

| Program | Actual Allocation % | Funding Decision % |
|----------------|----------------------------|---------------------------|
| WIA | 50% | 60% |
| TANF | 40% | 40% |
| Vets | 10% | 0% |
| | | |
| Total | 100% | 100% |
| | | |

Discretion over funding decisions belongs to the RWB. However, the ability to make these funding decisions cannot change the basic nature of the costs being allocated. If such costs are unallowable according to the OMB Circulars or program regulations they will remain unallowable.

EXAMPLE PLAN LANGUAGE:

The West Coast Workforce Board has structured this cost allocation plan in accordance with OMB Circular guidance. It should be noted that the OMB Circulars provide a distinction between cost allocation and funding allocations. Our management is aware of this distinction and makes funding decision modifications as needed. A brief explanation of the two processes is included as follows:

A function or activity within the RWB that benefits two or more programs may be set up as a single cost objective. Costs allocable to that cost objective are allowable to any of the involved programs that benefit from these activities/costs. In addition, our board can make a funding decision regarding what combination of funds made available under these programs would be applied to this cost objective.

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Section III – Introduction

Instructions:

This section should include an overview description of the regional workforce board, its service area(s) and its one-stop service delivery system, including the operator name and organization type, and the number and location of the individual centers within the regional workforce board. The introduction should also include a listing of the regional workforce board partners and the service centers at which they operate, identifying each by both their name and funding streams.

EXAMPLE:

The West Coast Workforce Board, Inc. is a private non-profit corporation designated as the administrative entity, planner and grant recipient of the Workforce Investment Act and Welfare Transition Program employment and training funds for Region 102.

The services provided through Region 102's One-Stop system include Tier I Core Services, Tier II Intensive Services, and Tier III Training Services. The One-Stop system concept in the region allows for the streamlining of multiple services to promote a seamless delivery of services to the universal customer. The goal is to make the recruitment, training, and hiring process easier for both the business community and the job seeker in developing skills necessary to build a mutually beneficial working relationship.

Region #102's population is served through a single comprehensive one-stop center. The One-Stop center is located at 1500 West Central Drive, Pleasantville, Florida. West Coast Workforce Board is located at 1900 Southside Drive, Pleasantville, Florida. The following partner programs and external partners are also located at the One-Stop Center.

| Partner | Funding Source |
|------------------|-----------------------|
| AWI | WP, Veterans |
| Employment First | WT, UC, FSET, WIA |

Other external partners that share resources and are collocated in the one-stop center are: Vocational Rehabilitation, Children & Families, and County School Board.

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Section IV – Organization Structure

Instructions:

A brief narrative describing the organization structure, service delivery system, and organizational chart(s) should be included in this section. The narrative should describe any shared services and the delivery method of core system services. The organizational charts should provide a graphical representation of the regional workforce board and the functional service delivery process within the one-stop system. The following organization charts should be included in this section:

- 1. An organization chart of the regional workforce board and the relationship to the one-stop centers.*
- 2. A functional chart of each one-stop. Each of these charts should include all activities of the center, including each partner. From this document, the reader should be able to tell if a center has a resource room, a training facility, a common intake function, or other shared activities.*

EXAMPLE:

The following outlines the service delivery system and shared services:

- AWI, the service provider, Vocational Rehabilitation, Children & Families, and the County School Board are co-located at the One-Stop center.
- The RWB is not collocated at the One-Stop Center.
- The Regional Workforce Board has selected one provider, Employment First, Inc., to manage the one-stop centers and most of the partner programs (WIA, Welfare Transition, FSET, UC Services, etc). Employment First has provided a One-Stop Manager to oversee the day-to-day operations of the one-stop center.
- AWI, in coordination with the RWB, jointly manage the Wagner-Peyser and Veterans Programs as a partner in the one-stop system.
- The RWB negotiates the leases and manages the physical one-stop centers.
- The RWB provides system support such as network services and telephones.
- External partners that provide services at the one-stop center are: Voc Rehab, Children and Families, and the County School Board.
- The RWB pays all facility and system support costs and is responsible for allocating those costs to partner programs and any participating partner.
- Case managers assigned to the one-stop center are directly assigned to a particular partner program.
- The one-stop centers have a greeter and a resource room that benefit all partner programs and the Voc Rehab partner at the one-stop center. The RWB provides the greeter and all the office and cleaning supplies for the resource room.

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

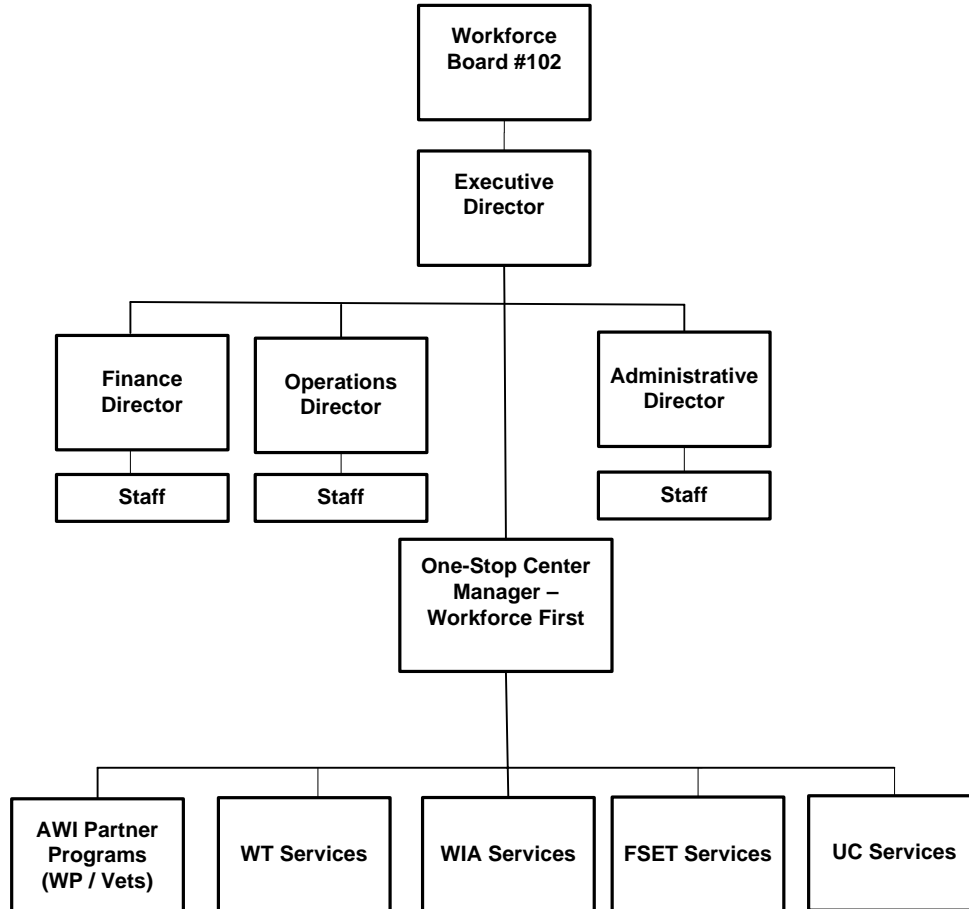
- The one-stop center operates an integrated intake and eligibility determination process. The partner programs benefit from this position. This position is provided by Employment First.

The following functional chart illustrates the shared system costs benefiting each partner:

| Shared Systems Costs | Amount to be Allocated | Program Partner - AWI | Program Partner – Employment First | Partner – Voc Rehab | Partner – Children & Families | Partner – County School Board |
|----------------------------|------------------------|-----------------------|------------------------------------|---------------------|-------------------------------|-------------------------------|
| Telephone Bills | \$10,000 | X | X | X | X | X |
| Janitorial Services | 21,600 | X | X | X | X | X |
| Rent | 150,000 | X | X | X | X | X |
| Network Services | 10,000 | X | X | X | X | X |
| One-Stop Manager | 70,000 | X | X | | | |
| Intake Specialist | 50,000 | X | X | | | |
| Greeter/Receptionist | 22,600 | X | X | X | | |
| Resource Room | 46,000 | X | X | X | | |
| Supplies for Resource Room | 1,000 | X | X | X | | |
| Total Costs | \$381,200 | | | | | |

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

**WEST COAST REGIONAL WORKFORCE BOARD
ORGANIZATION CHART**



**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Section V – Description of Costs and Allocation Methods

Instructions:

This section should include narrative descriptions of all costs. Direct costs should be defined and state that direct salary costs are supported by timesheets/personnel activity reports, or a prior approved substitute system. All shared costs should be identified, including their estimated dollar value. Each identified shared activity or cost item (or cost pool), including all board costs, should include function and benefit statements, and the allocation method used. The allocation methodology should include the following elements:

- *Basis and method for distributing the costs;*
- *Justification for the basis and method used;*
- *Frequency that the underlying data will be updated; and*
- *Description of supporting documentation that will be maintained.*

Each cost pool should be supported by a schedule, displaying the total dollars to be allocated from the pool, the method chosen to distribute the cost pool, the actual statistics used in the distribution, and the results of the allocation to each partner from the pool.

In addition, a summary schedule should be included that displays the results of the total allocated costs of the one-stop center for each partner program, categorized by cost pool. These illustrative examples should provide the reader enough information to understand the allocation method(s) used and to reproduce the calculations. These examples are not intended to reflect the board's budget or actual program year funding.

Some programs are subject to funding limitations and/or definitions of program or administrative costs that should be identified in the plan. For example, the TANF Block Grant defines costs in terms of (1) administrative, (2) program services and (3) information technology costs. TANF administrative costs are subject to a 10% statutory administrative cap; program services costs and information technology costs are not capped.

The RWB's management should determine if program funds received from AWI have such limitations so the cost allocation plan can be developed and implemented to address them.

Finally, the RWB should structure the allocation methods to allow for future fluctuations in operations and to reduce the need for filing unneeded cost plan revisions.

EXAMPLE:

Direct Costs

Direct costs are those that can be identified specifically with a particular final cost objective. Employees of the partner program and the RWB are required to document their work activities through the use of monthly personnel activity reports. This data is compiled monthly for use in allocating costs by FTE.

Regional Workforce Board Costs

RWB costs include both administrative and programmatic costs. Administrative costs are those that are not directly attributable to a specific program or funding source (administrative salaries, rent, telephone, Internet access, etc.). Programmatic costs are salaries and expenses that are

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

directly attributable to a specific program. A cost category guide has been included in Section VII (*Source: see Appendix B of the cost allocation plan guidance*).

All board staff complete monthly personnel activity reports, certifying time charges to administrative and programmatic work. Administrative staff time is charged to the Board Cost Pool activity on their personnel activity report. Programmatic staff time is charged directly to activities that are tied to appropriate funding source on their personnel activity reports.

Board Cost Pool

Function: This cost pool accumulates all board costs not directly attributable to a particular funding source. These costs include all board administrative costs (salaries, rent, travel supplies, copier, phone, and internet costs), which are not part of the shared expenses of the One-Stop System.

Benefit: All partner programs benefit from the direction and oversight and services provided by the administrative board staff.

Allocation Method:

- **Basis:** Costs are distributed based on the total month’s expenditures of the partner programs within the one-stop system. One-stop partner program expenditures are compiled monthly and the percentages charged to grants are used to allocate all costs accumulated in the Board Cost Pool.
- **Justification:** The RWB administrative oversight and guidance benefits the partner programs in the one-stop system. This methodology best reflects the proportionate share of the benefit received by each funding source.
- **Frequency that underlying data will be updated:** The board cost pool distributions will be based on the total monthly partner program expenditures.
- **Supporting Documentation:** Monthly expenditure reports from the accounting system will be maintained to support the percentage distributions to grants.

| Board Cost Pool | | | | |
|------------------------|---------------------------|---------------------------------------|----------------|--|
| | Total Expenditures | Ratio of Expenditures to Total | Percent | Costs to be allocated to grant programs |
| AWI | 2,000,000 | 2/5 | 40% | \$40,000 |
| Workforce First | 3,000,000 | 3/5 | 60% | 60,000 |
| Total | 5,000,000 | | 100.00% | \$100,000 |

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West Coast Regional Workforce Board (RWB #102)**

One-Stop System Shared Costs

Facility & Infrastructure Cost Pool

Function: The Facilities & Infrastructure cost pool contains all costs related to the building that serves as the One-Stop Center (rent, utilities, and janitorial services). In addition, this cost pool includes the technology infrastructure necessary to conduct day-to-day business operations (network and telephone services).

Benefit: All partner programs and external programs benefit from these costs because they are collocated in the facility and use the network and telephone services in their daily business operations.

Allocation Method:

- Basis: Costs in this pool are allocated based on the amount of square footage occupied in the one-stop center by each program. The total amount of space occupied by each partner is divided by the building's total usable square footage. The resulting percentage is then applied to each partner program.
- Justification: Square footage is the most equitable method of allocating costs because it reflects the portion of the building and technology infrastructure that is actually used by each benefiting partner.
- Frequency that underlying data will be updated: Square footage is reviewed annually, and updated when material changes occur.
- Supporting Documentation: Documentation maintained to support these calculations are the lease records for the one-stop location.

| Facility Pool | | | | |
|----------------------|----------------|----------------------|----------------|--------------------------------------|
| | Sq. Ft. | Total Sq. Ft. | Percent | Planned Share of Annual Costs |
| AWI | 750 | 750/2500 | 30% | \$57,480 |
| Workforce First | 1,125 | 1,125/2500 | 45% | 86,220 |
| Voc Rehab | 375 | 375/2,500 | 15% | 28,740 |
| Children & Families | 125 | 125/2,500 | 5% | 9,580 |
| County School Board | 125 | 125/2,500 | 5% | 9,580 |
| Total | 2,500 | | 100% | \$191,600 |

One-Stop Oversight Cost Pool

Function: The Administrative Staff cost pool contains all costs related to the One-Stop Manager's wages, fringe benefits, and overhead costs.

Benefit: Each of the partner programs benefit from the coordination and oversight of the One-Stop Manager.

Allocation Method:

- Basis: The One-Stop Manager completes a monthly personnel activity report and it shows that 100% of his time is charged to the One-Stop Oversight Cost Pool. Monthly, costs in this pool are allocated based on the allocation of the partner program staff charges to grants. These allocation percentages are supported by personnel activity reports.

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West Coast Regional Workforce Board (RWB #102)**

- Justification: The percentage of staff time charges to grants is the most logical method for distributing this cost pool because the One-Stop Manager directly oversees the work of these staff positions.
- Frequency that underlying data will be updated: The FTE allocation percentages are accumulated monthly and used to distribute the cost pool charges in the same month.
- Supporting Documentation: Documentation maintained to support these calculations are the personnel activity reports of each staff.

| One-Stop Oversight | | | | |
|---------------------------|------------|------------------------------|----------------|--------------------------------------|
| | FTE | Ratio of FTE to Total | Percent | Planned Share of Annual Costs |
| AWI | 30 | 30/80 | 40% | \$28,000 |
| Workforce First | 50 | 50/80 | 60% | 42,000 |
| Total | 80 | | 100.00% | \$70,000 |

Intake Staff Cost Pool

Function: The Intake Staff Cost Pool contains all costs related to the wages, fringe benefits, and overhead costs associated with these positions.

Benefit: All partner programs and the Voc. Rehab partner benefit from the services provided by the intake specialist. The intake specialist is the point of entry into the one-stop center and can refer clients to any of the partner programs or the Voc Rehab program.

Allocation Method:

- Basis: Costs in this pool are allocated based on the number of participants served (total number of participants served by each partner / by the total number of participants served by the one-stop center). The resulting percentage is then applied to each partner program. The Intake Specialist completes a monthly activity report and it reflects that 100% of his time is devoted to the Intake Staff Cost Pool.
- Justification: The number of participants is the most equitable method of allocating costs because it reflects the percentage of the intake specialist's time that was most likely devoted to the support of each program.
- Frequency that underlying data will be updated: The number of participants served is updated monthly.
- Supporting Documentation: Documentation maintained to support these calculations are the participant counts by program maintained in the One-Stop Management Information System.

| Intake Staff Cost Pool | | | | |
|-------------------------------|----------------------------|----------------------------|----------------|--------------------------------------|
| | Participants Served | Participants Served | Percent | Planned Share of Annual Costs |
| AWI | 770 | 770/1,980 | 39% | \$ 19,500 |
| Workforce First | 880 | 880/1,980 | 44% | 22,000 |
| Voc Rehab | 330 | 330/1,980 | 17% | 8,500 |
| Total | 1,980 | | 100.00% | \$50,000 |

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Receptionist & Resource Room

Function: This pool contains the costs of the salary and supporting costs of the greeter/receptionist, the portion of the rent that is related solely to the resource room, and any supplies purchased solely for the use of all clients using the resource room.

Benefit: All partner programs and the Voc Rehab program benefit from the use of the receptionist and the resource room

Allocation Method:

- Basis: The total costs in this pool are divided equally among the 3 partners.
- Justification: Each partner benefits equally from the use of these functions.
- Frequency that underlying data will be updated: Monthly, the expenditures in this pool are distributed to the benefiting partners.
- Supporting Documentation: Documentation maintained to support these calculations are the monthly invoices retained in the voucher files for each of the costs in this pool.

| Resource Room & Receptionist | |
|---|--------------------------------------|
| | Planned Share of Annual Costs |
| AWI | \$23,200 |
| Workforce First | 23,200 |
| Voc Rehab | 23,200 |
| Total | \$69,600 |

The results of the allocation of the cost pools to each partner are presented below.

| Total Costs Allocable to Each Partner | | | | | | |
|--|-----------------------|------------------------------------|---------------------|-------------------------------|-------------------------------|------------------|
| | Program Partner - AWI | Program Partner – Employment First | Partner – Voc Rehab | Partner – Children & Families | Partner – County School Board | Total |
| Facility & Infrastructure | \$57,480 | \$86,220 | \$28,740 | \$9,580 | \$9,580 | \$191,600 |
| One-Stop Mgr | 28,000 | 42,000 | -0- | -0- | -0- | 70,000 |
| Intake | 19,500 | 22,000 | 8,500 | -0- | -0- | 50,000 |
| Receptionist & Resource Room | 23,200 | 23,200 | 23,200 | | | 69,600 |
| Total | \$128,180 | \$173,420 | \$60,440 | \$9,580 | \$9,580 | \$381,200 |

Future Fluctuations in Operations

The RWB has structured the allocation methods implemented to allow for future fluctuations in operations and to reduce the need for filing unneeded cost plan revisions.

- It is the RWB’s intent to apply the allocation methods described in this cost allocation plan to future operating activities.
- The RWB will submit a cost allocation plan revision for future fluctuations in operations if there is any change in allocation methodologies applied.

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West Coast Regional Workforce Board (RWB #102)**

Section VI – Resource Sharing Activities

Instructions:

The regional workforce board should determine whether there are resources or facilities shared with other entities (not including AWI staff) that are funded by programs not under the RWB's or AWI's control. If resources or facilities are shared with other entities, the specific arrangements should be documented in a resource sharing agreement. This document will take the total results of the cost allocation plan for each entity that shares resources with the RWB and match it to the resources that those entities bring to the One-Stop system.

The cost allocation plan should indicate whether any resource sharing activity exists and provide the following information:

- *If resource sharing activities do exist:*
 1. *Identify the entities sharing resources with the RWB and/or the One-Stop system.*
 2. *Identify the resources shared or the benefits received by the RWB and/or the One-Stop system.*
 3. *Identify how the shared resources are funded.*
 4. *Describe how management reviews/reconciles all resource sharing activity results.*
 5. *Describe how management monitors/updates all resource sharing activity.*

- *If resource sharing activities do NOT exist:*
 1. *Identify that no entities share resources with the RWB and/or the One-Stop system.*
 2. *Identify how management periodically monitors/updates for this activity.*

Example #1: Resource Sharing Activities Exist

The RWB shares resources with Voc Rehab, Children & Families, and the County School Board. These entities have entered into a Memorandum of Understanding that identifies which costs are paid by each entity. The table below identifies the resources shared by and costs allocated to each entity.

| Total Costs Allocable to Each Partner | | | | | | |
|--|-----------------------|------------------------------------|---------------------|-------------------------------|-------------------------------|------------------|
| | Program Partner - AWI | Program Partner – Employment First | Partner – Voc Rehab | Partner – Children & Families | Partner – County School Board | Total |
| Facility & Infrastructure | \$57,480 | \$86,220 | \$28,740 | \$9,580 | \$9,580 | \$191,600 |
| One-Stop Mgr | 28,000 | 2,000 | -0- | -0- | -0- | 70,000 |
| Intake | 19,500 | 22,000 | 8,500 | -0- | -0- | 50,000 |
| Receptionist & Resource Room | 23,200 | 23,200 | 23,200 | | | 69,600 |
| Total | \$128,180 | \$173,420 | \$60,440 | \$9,580 | \$9,580 | \$381,200 |

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West Coast Regional Workforce Board (RWB #102)**

The program partners, Children & Families and the County School Board, have entered into a Memorandum of Understanding with the RWB that specifically outlines which costs each partner will pay. All costs identified are funded by an exchange of goods and services. Both program partners have assigned one full-time staff member to provide support services to the participants served at the One-Stop Center. All equipment and office furniture for each staff member have also been provided. RWB management examines the costs paid by each entity and the fair share allocation calculated by each cost pool on a quarterly basis. RWB management analyzes these results to identify if adjustments are needed. Decisions to adjust the allocations are based on the significance of the calculated variances and the anticipated cost/benefit results.

Example #2: Resource Sharing Activities DO NOT Exist

The RWB does not share resources or activities with entities (not including AWI staff) that are not under the RWB's or AWI's funding control. RWB management reviews operations on a quarterly basis to identify any changes to RWB resources or activities. Decisions to initiate changes to established allocations are based on the significance of the activities identified and the anticipated cost/benefit results.

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

Section VII – Cost Category Guide

Where both categories are marked, the expense may be either program or administrative depending on the nature of the cost.

| Costs | Admin | Program |
|--|--------------|----------------|
| Staff Salaries and Fringe Benefits (staff): | | |
| Accounting | X | |
| Administrative Overhead | X | |
| Advertising/Outreach | X | X |
| Audit Services | X | |
| Audit Resolution | X | |
| Budgeting | X | |
| Case Management | | X |
| Clerical Assistant to a Supervisor | X | X |
| Clerical Assistance to Training Personnel | | X |
| Computer Program Analysts | X | X |
| Coordination of Customer Services | | X |
| Counseling | | X |
| Development of Employment Plans | | X |
| Eligibility Determination | | X |
| Executive Staff | X | X |
| Fiscal Staff | X | |
| Follow up Analysis | | X |
| Information Technology | X | X |
| Information Technology Staff | X | X |
| Initial Assessment | | X |
| Intake | | X |
| Job Coach | | X |
| Job Developer | | X |
| Job Search Assistance | | X |
| Labor Market Analysis | | X |
| Legal Staff | X | |
| Maintenance Staff | X | X |
| Monitoring | X | X |
| Costs | Admin | Program |
| Staff Salaries and Fringe Benefits (staff): continued | | |
| Objective Assessment (Employability/Testing) | | X |
| Outreach to Employers to Obtain Job Listings | | X |
| Participant Follow-Up | | X |
| Performance and Program Reporting | | X |
| Personnel Staff | X | |
| Placement Staff | | X |
| Program Design/Curriculum | | X |
| Provision of Program Information | | X |
| Supervisors | X | X |
| Training Personnel (Includes remedial education, basic skills, and institutional training) | | X |
| Other: | | |
| Capital Expenditures | X | X |
| Communication | X | X |
| Councils | X | |
| Equipment Expenditures | X | X |

**Appendix F – Cost Allocation Plan Template
West Coast Regional Workforce Board (RWB #102)**

| Costs | Admin | Program |
|---|--------------|----------------|
| Staff Salaries and Fringe Benefits (staff): continued | | |
| Indirect Costs | X | X |
| Insurance & Indemnification | X | X |
| Interest | X | X |
| Maintenance & Repair | X | X |
| Management Studies | X | |
| Materials & Supplies | X | X |
| Memberships | X | X |
| Memorandum of Understanding Development | X | |
| Motor Pools | X | X |
| Preaward Costs | X | |
| Premises | X | X |
| Professional Services | X | X |
| Profit | X | X |
| Publication and Printing | X | X |
| Rental Costs | X | X |
| Staff Training & Education | X | X |
| Subscriptions | X | X |
| Taxes | X | X |
| Transportation | X | X |
| Travel | X | X |
| Utilities | X | X |
| Customer Service Costs: | | |
| Assessment | | X |
| Contracted Consultant Services Not Involving Direct Training or Support to Participant | X | |
| Core, Intensive and Training Services | | X |
| Eligibility/Intake | | X |
| Employer Assistance/Services | | X |
| Entrance Fees for Participants (lab fees, activity fees, parking fees, application fees, accounting fees, graduation fees) | | X |
| Incumbent Worker Activities | | X |
| OJT/Customized Training | | X |
| Payments for Training Activity | | X |
| Payments for Limited Internships (Youth) | | X |
| Payments for Service Providers for Program Services | | X |
| Self-Service/Informational Services | | X |
| Tuition for Participants | | X |
| Youth Services | | X |
| Supportive Services: | | |
| Child Care | | X |
| Dependant Care | | X |
| Housing Assistance | | X |
| Needs-Based Payments | | X |
| Transportation cost for Participants (includes fares for public transportation, mileage for personal auto, transportation allowances) | | X |

Appendix G – Resource Sharing Agreements

Instructions:

A resource sharing agreement is a document that formalizes the methods that the various partner programs will utilize to fund their fair share of allocated costs. Effectively, this document will take the total results of the cost allocation plan for each partner, and match it to the resources that those partners bring to the one-stop system.

Each resource sharing agreement should include the following:

Resources: *The payment methods that will be used by each partner program to pay for their share of the allocated costs. The resources provided by each partner should match the partner's allocated share of the costs. The four resource sharing methodologies are:*

- *Cash Payments – Most appropriate when a single partner is responsible for up-front funding of all shared services.*
- *Goods & Services – In this method, partners fund their share of some shared costs by providing goods or services (typically, equipment and staff) to the center for use in a shared activity. For this method to work, the good and services must be converted to costs for the period.*
- *In-Kind Contributions – Using this method, partners can fund their fair share of allocated shared costs by providing donated goods or services. An example would be providing a volunteer to serve as the receptionist.*
- *Full-Time Equivalent – In this method, partners would determine the total number of staff hours necessary to fully staff a particular function. The hours would then be allocated using an agreed upon methodology, providing staff as needed in relation to their allocable share of the total hours. This method is only appropriate for paying for the costs of shared staff functions.*

Reconciliation: *A description of the process used by partners to reconcile the proposed budget costs to the actual costs incurred by the partner programs in providing resources. The description must include the types of cost information to be provided by each partner, as well as time frames for reconciliation adjustment.*

Modification: *Describe both the circumstances warranting a modification to the resource sharing agreement, and the process to be followed.*

Example:

The program partners, Voc Rehab, Children & Families, and the County School Board have entered into a Memorandum of Understanding that outlines which costs each partner will pay. Annually, the difference between the costs paid by each partner and the fair share allocation of each cost pool are compared. The RWB oversees the cash payments between partners to ensure that each partner's fair share contribution equals the cash paid into the one-stop center.

The Memorandum of Understanding states that modifications to the resource sharing agreement will be made when there have been material changes to programs and/or operations of any of the partners.

The table below illustrates how each of the following shared costs will be paid. Although the Board pays many of the shared costs, the Board is not a partner for resource sharing purposes.

| Illustration of How Costs Will be Paid | | | | | | | |
|---|-----------|-----------------------|------------------------------------|---------------------|-------------------------------|-------------------------------|-----------|
| Shared Systems Costs | RWB | Program Partner - AWI | Program Partner – Employment First | Partner – Voc Rehab | Partner – Children & Families | Partner – County School Board | Total |
| Telephone Bills | \$10,000 | | | | | | \$10,000 |
| Janitorial Services | \$21,600 | | | | | | \$21,600 |
| Rent | \$150,000 | | | | | | \$150,000 |
| Network Services | \$10,000 | | | | | | \$10,000 |
| One-Stop Manager | | | \$70,000 | | | | \$70,000 |
| Intake Specialist | | | \$50,000 | | | | \$50,000 |
| Greeter/ Receptionist | \$22,600 | | | | | | \$22,600 |
| Resource Room | \$46,000 | | | | | | \$46,000 |
| Supplies for Resource Room | \$1,000 | | | | | | \$1,000 |
| Total Costs | \$261,200 | \$0 | \$120,000 | \$0 | \$0 | \$0 | \$381,200 |

The table below depicts cash amounts due to the entities who paid for the various services within the cost pools.

| | Total | Facilities | One-Stop | Intake | Resource Rm | Due to RWB | Due to Employment First |
|--------------------------------|------------------|------------|-----------|-----------|-------------|------------------|-------------------------|
| RWB | | | | | | | |
| Allocation | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Contribution | \$261,200 | \$191,600 | \$0 | \$0 | \$69,600 | | |
| Amount | \$261,200 | \$191,600 | \$0 | \$0 | \$69,600 | \$0 | \$0 |
| AWI | | | | | | | |
| Allocation | \$128,180 | \$57,480 | \$28,000 | \$19,500 | \$23,200 | | |
| Contribution | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Amount | | | | | | | |
| Owed/Due | -\$128,180 | -\$57,480 | -\$28,000 | -\$19,500 | -\$23,200 | \$80,680 | \$47,500 |
| Employment First | | | | | | | |
| Allocation | \$173,420 | \$86,220 | \$42,000 | \$22,000 | \$23,200 | | |
| Contribution | \$143,600 | \$0 | \$70,000 | \$50,000 | \$0 | | |
| Amount | -\$29,820 | -\$86,220 | \$28,000 | \$28,000 | -\$23,200 | \$109,420 | \$0 |
| Voc Rehab | | | | | | | |
| Allocation | \$60,440 | \$28,740 | \$0 | \$8,500 | \$23,200 | | |
| Contribution | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Amount | -\$60,440 | -\$28,740 | \$0 | -\$8,500 | -\$23,200 | \$51,940 | \$8,500 |
| Children & Families | | | | | | | |
| Allocation | \$9,580 | \$9,580 | | | | | |
| Contribution | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Amount | -\$9,580 | -\$9,580 | \$0 | \$0 | \$0 | \$9,580 | \$0 |
| County School Board | | | | | | | |
| Allocation | \$9,580 | \$9,580 | | | | | |
| Contribution | \$0 | \$0 | \$0 | \$0 | \$0 | | |
| Amount | -\$9,580 | -\$9,580 | \$0 | \$0 | \$0 | \$9,580 | \$0 |
| Totals | | | | | | \$261,200 | \$56,000 |
| Reconciliation | | | | | | | |
| Total Costs | \$381,200 | | | | | | |
| Amount Due to RWB | \$261,200 | | | | | | |
| | <u>\$120,000</u> | | | | | | |
| Amount Due to Empl First | \$56,000 | | | | | | |
| | <u>\$64,000</u> | | | | | | |
| Wkf First Allocation to itself | \$64,000 | | | | | | |
| | <u>\$0</u> | | | | | | |

Appendix H – Annual Cost Allocation Plan Certification

| | |
|---|-----------------|
| RWB # | |
| RWB Name | |
| Submission Date for Request | note (1) |
| Plan effective date | |
| Name / Title of Board Representative | |
| Review Date for Request | <i>AWI only</i> |
| Approved / Declined | <i>AWI only</i> |

| Assertion or Question # | Cost Allocation Plan Components | YES / NO |
|---------------------------|--|----------|
| Allocation Methods | | |
| 1 note (3) | Have there been changes to the allocation methodologies since the submission of your last cost allocation plan? | note (2) |
| 2 note (4) | Have new cost pools been established that implement different allocation methodologies from your last approved cost allocation plan? | note (2) |

NOTES:

- (1) Electronic correspondence has been deemed acceptable documentation for this process. Sending this document via e-mail will serve as authorized certification for your RWB.
- (2) If any of the answers above are "YES," then the Board must submit a revised/amended cost allocation plan to AWI for review and approval.
- (3) Examples of changes to the allocation methodologies include:
 - Changes in how the established methodology is calculated
 - Changes in the cost types allocated by the established methodology
- (4) If the answer is "YES," then submission of this form certifies that the RWB has reviewed the cost allocation plan to determine if the plan has been impacted by new or modified allocation methodologies. If the plan is impacted, the RWB will submit a revised/amended plan to AWI for review and approval.

Appendix I – Cost Allocation Plan Certification

OMB A-122 CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation submitted herewith and to the best of my knowledge and belief:

This cost allocation plan has been prepared and implemented to allocate costs in accordance with the requirements of Generally Accepted Accounting Principles and OMB Circular A-122, "Cost Principles for Non-Profit Organizations."

All costs included in this proposal are properly allocable to Federal awards 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 requirements. Similar types of costs have been accounted for consistently and the State will be notified of any accounting changes that would affect the calculations.

I declare that the foregoing is true and correct.

Organizational Unit: West Coast Workforce Board

Signature: *John Doe*

Name of Official: John Doe

Title: CFO/Finance Director

Date of Execution: July 1, 2005

OMB A-87 CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

This cost allocation plan has been prepared and implemented to allocate costs in accordance with the requirements of Generally Accepted Accounting Principles and OMB Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments."

All costs included in this proposal are properly allocable to Federal awards 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 requirements. Similar types of costs have been accounted for consistently and the State will be notified of any accounting changes that would affect the calculations.

I declare that the foregoing is true and correct.

Organizational Unit: West Coast Workforce Board

Signature: John Doe

Name of Official: John Doe

Title: CFO/Finance Director

Date of Execution: July 1, 2005

Definitions

Administrative Costs: Include both the direct and shared costs associated with management of the programs provided by the regional workforce boards.

Allocation Basis: A calculation of a measure that best determines the benefits provided to a cost objective or program (for example, percentage of building used, percentage of participants served).

Alternative Time Distribution System: A method to charge awards for salaries and wages as direct costs or indirect costs through the use of a system other than monthly personnel activity reports. Use of an alternative time distribution system requires prior approval of the cognizant agency.

Cognizant Agency: The agency responsible for the review and approval of the board's cost allocation plan. For purposes of this guidance, the cognizant agency is AWI.

Collocation: A situation in which a single facility is occupied by more than one service provider, or in which more than one service provider has a presence (physically or electronically).

Cost Allocation: A method of distributing costs that benefit more than one program in an entity.

Cost Objective: Any activity for which a separate measurement of cost is desired (e.g., facilities costs).

Cost Center: A commonly accepted business term used to indicate a pool, center, or area established for the accumulation of cost(s), such as organizational units, functions, objects or items of expense, as well ultimate cost objectives, including specific titles, cost categories, grant/awards, program activities, projects, contract, and/or other activities.

Cost Pool: An accounting structure to accumulate costs pending distribution by allocation to benefiting cost centers and/or programs.

Direct Costs: Costs that benefit and are directly recorded to one program. Common examples are training costs, supportive services and salaries paid by the benefiting program. A cost may be direct in some circumstances and joint/indirect in others.

Facility Cost Pool: A cost pool may be broad enough to benefit all collocated programs and integrated service cost centers. An example would be a pool where rent, receptionist costs, utilities, janitorial, phone, and other facility overhead costs would be recorded.

Full Time Equivalent (FTE): A measurement of time paid to employees. One FTE = 2,080 hours of time paid based on a 40 hour work week.

GAAP: Generally Accepted Accounting Principles that guide accounting systems. For purposes of this guidance generally accepted accounting principles has the meaning

specified in generally accepted auditing standards issued by the American Institute of Certified Public Accountants (AICPA).

OMB: The Executive Office of the President, Office of Management and Budget. The OMB issues authoritative guidance for federal grant programs called OMB Circulars.

Partnership: Collaboration among service providers that results in coordinated services to a community.

Pass-through Entity: A non-federal entity that provides a Federal award to other entities to carry out a Federal program. Also known as recipients/subrecipients. AWI is a recipient. The RWBs are subrecipients. RWBs award federal funds for program purposes to sub-recipients.

Prior Approval: Securing the cognizant agency's permission in advance to incur cost for those items that are designated as requiring prior approval by the OMB Circulars. Generally, this permission will be in writing.

Program: A grant, appropriation, or other designated fund whose activities, including costs, must be accumulated and reported to the funding sources. Examples of grant programs are: Food Stamp Employment and Training (FSET), Wagner-Peyser, Unemployment Compensation, and WIA titles.

Resource Sharing Agreement: A formal document that describes the framework of the partnership, including but not limited to the identification of collocated partners, services to be provided, program goals and objectives, functional plans, funding source, cost pooling, payment, adjustment, and reimbursement agreements among partners. .

Shared/Joint Costs: Costs such as rent, utilities, and phone, which cannot be readily assigned because they benefit multiple programs, service areas, or funding sources (for example, resource areas and conference rooms) may be considered joint/shared costs. These accumulated costs are periodically (monthly/quarterly) allocated based on an agreed upon measure of benefit (time distribution, square footage, number of participants, etc.).

Subrecipient: A non-Federal entity that expends Federal awards received from a pass-through entity to carry out a Federal program, but does not include an individual that is a beneficiary of such a program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Vendor: A dealer, distributor, merchant or other seller providing goods or services that is required for the conduct of a Federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the Federal program.

Reference Materials

Web Site References

| Authoritative Source | Web Site Link |
|--|---|
| U.S. Department of Labor | http://www.dol.gov/ |
| U.S. Office of Management and Budget (OMB) | http://www.whitehouse.gov/OMBgrants/index/html/ |
| U.S. Department of Education | http://www.ed.gov/ |
| Presidential Task Force on Employment of Adults with Disabilities | http://www.dol.gov/dol/sec/public/programs/ptfead/main.htm |
| U.S. Department of Labor / Employment and Training Administration - Region 3 | http://www.region03.doleta.gov/honme/index.cfm |
| U.S. Department of Health and Human Services | http://www.hhs.gov |
| Information of the Workforce Investment Act | http://www.usworkforce.org/wia |
| Catalog of Federal Domestic Assistance | http://www.cfda.gov/ |
| State CSFA Catalog | http://www.fsaa.state.fl.us |

Other References

Office of Management and Budget (OMB) Circular A-21, "Cost Principles for Educational Institutions"

Office of Management and Budget (OMB) Circular A-87, "Cost Principles for State, Local and Indian Tribal Governments"

Office of Management and Budget (OMB) Circular A-102, "Grants and Cooperative Agreements with State and Local Governments"

2 CFR Part 215, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations (OMB A-110); Final Rule

Office of Management and Budget (OMB) Circular A-122, "Cost Principles for Non-Profit Organizations"

Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations"

Generally Accepted Accounting Principles

Generally Accepted Auditing Standards

U.S. Department of Labor, Employment and Training Administration, One-Stop Comprehensive Financial Management Technical Assistance Guide, Chapter II-8, Cost Allocation and Cost Pooling (July 2002)

Virginia Department of Social Services, Title IV-E Matrix Understanding and Claiming Title IV-E Foster Care Administrative Costs (March 2004)

Missouri CareerCenter, Cost Allocation Plan Guidelines (October 2000)

New York State Department of Labor, Workforce Development and Training Division, Workforce Investment Act: Guidelines for Cost Allocation and Resource Sharing in the One-Stop Systems, (January 3, 2000)

Nevada State Workforce Investment Board Policy Manual (September 2003)

Texas Workforce Commission, Financial Manual for Grants and Contracts (January 1999)