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| NORTHWEST OREGON WORKS | **FISCAL POLICY F08: COST ALLOCATION PLAN** |
| | **APPROVED: 6/26/2019**<br>**REVISION: 6/2025**<br>**BOARDS APPROVED REVISION: 6/27/2025**<br>**INTERNAL REVIEW CONDUCTED: 06/15/2025** |
| | **❒NEW**<br>**☒ REVISED** |

**PURPOSE:**

To communicate Northwest Oregon Works (NOW) philosophy on allocating costs, to show compliance with 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and to show the steps taken to ensure that costs are properly allocated to grants and funding sources, and demonstrate all cost allocation reports and entries.

*General Philosophy*

NOW has a philosophy of providing administrative and program services in direct proportion to the level of benefit needed for each program. The organization's major functions are fundamentally the same for all grants it receives.

Administrative and program staff utilize timecards to track direct and indirect labor time. Costs including staff time and other organizational expenses are allocated on an equitable distribution base such as but not limited to: time directly allocated to a specific grant or cost objective (direct labor hours) and dollars spent in a specific grant or activity (direct program expenses).

Cost pools shall be allocated on a monthly basis and no later than quarterly.

*Plan Documentation Requirements.*

NOW will submit a cost allocation plan within six months after the close of a fiscal year when NOW has a designated cognizant agency for indirect costs. Otherwise NOW prepares the plan and maintains it on file to be available for auditors to review or if requested by an administering agency.

**POLICY:**

***Allocating of Costs – Cost Allocation Plan***

A. Direct charge to grant – costs associated with staff and/or other expenditures whenever those costs can be directly related to the benefiting grants or cost objectives. Administrative and program expenses are eligible for direct charging depending on grant requirements. Sub-recipient provider expenses and ITrac program software expenses are examples of expenses that may be directly charged to grants.

B. Staff wages and taxes are allocated to the administrative, program cost pool, and/or a specific grant based on staff timecards. Wages are allocated to a specific grant only when the nature of the labor has a direct objective to the grant or program. When admin wages are allocated to a specific grant, the specific grant will not be included in the admin cost pool allocation. When program wages are allocated to a specific grant, the specific grant will not be included in the program cost pool allocation.

C. Staff benefits – including the net change in quarterly vacation accrual, health benefits, and 401k match - are allocated to the admin/program cost pool.

D. Charges to admin cost pool may include but are not limited to:
    a. Audit services
    b. Legal services
    c. Fees and taxes
    d. Insurance
    e. Staff wages and taxes for accounting, HR, and procurement

E. Charges to program cost pool may include but are not limited to:
    a. Staff wages and taxes for program personnel responsible for grant program management
    b. Other organizational expenses whenever those costs are program in nature and benefit more than one program

F. Charges to admin/program cost pool may include but are not limited to:
    a. Employee benefits as noted in “C”
    b. Facilities expenses including rent and utilities
    c. Office supplies and equipment
    d. Travel
    e. Board meetings and supplies

G. Monthly no later than quarterly, the admin/program cost pool will first be allocated utilizing staff time worked during the quarter as the distribution base. Employee benefits will be allocated to the admin cost pool, program cost pool and specific grants. All other expenses will be allocated to the admin cost pool and program cost pool.

H. Quarterly, the administrative cost pool will be allocated second utilizing direct program expenses (dollars spent in a specific grant or activity) during the quarter as the distribution base. Staff salaries and taxes will be allocated to all grants where wages were not directly allocated. All other expenses will be allocated to all eligible grants.

I. Monthly no later than quarterly, the program cost pool will be allocated third utilizing direct expenses (dollars spent in a specific grant or activity) during the quarter as the distribution base. Staff salaries and taxes will be allocated to all grants where wages were not directly allocated. All other expenses will be allocated to all eligible grants.

J. After all cost pools have been allocated for the quarter, they will have a -0- balance.

K. Occasionally amounts granted by a grantor for indirect costs are not sufficient to cover NOW’s expenses. Costs may still be allocated to these grants based on the allocation methods noted above, and NOW would use other eligible funds to pay for the excess allocated indirect costs.

L. Direct expenses (including sub-recipient expenses, travel expenses, etc.) as an allocation base may, at times, skew the base compared to the actual effort to manage the grants. NOW shall evaluate direct expenses annually to determine if the resulting distribution base is reasonably expected to be consistent with and reflective of the labor efforts to manage the grants. If NOW determines that the amounts will likely be materially skewed, NOW shall revise the cost allocation plan utilizing a distribution base more reflective of the effort to manage the grants for that year.

M. Use of the 10% De Minimis – NOW has elected to utilize the fifteen percent (15%) de minimis indirect cost rate of modified total direct costs and not negotiate an indirect cost rate with a Federal Cognizant Agency.

   NOW recognizes that the 15% de minimis rate can be used indefinitely and NOW can choose to apply for a negotiated rate at any time in the future.

   NOW recognizes that if indirect costs come-in over the 15% de minimis rate, the overage is considered a loss and unrestricted or other possible funding must be used to cover the indirect overage.

N. NOW will follow Attachment A when negotiating indirect cost rate unless an established methodology is in use with current subrecipients.

**REFERENCES**

2 CFR 200.4
2 CFR 200.403-405
2 CFR 200.412-414
2 CFR 200.414