



# Texas Department of Transportation

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

October 28, 2010

RECEIVED

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CAPCOG

MS. SHEILA JENNINGS  
DEPUTY EXECUTIVE DIRECTOR  
CAPITAL AREA COUNCIL OF GOVERNMENTS  
PO BOX 17848  
AUSTIN, TX 78760-7848

Dear Ms. Jennings:

Reference is made to the letter dated August 18, 2010 from Mr. James Mikolaichik of your agency, requesting approval of the Indirect Cost Allocation Plan for the Capital Area Council of Governments (CAPCOG) for fiscal year 2011. This request was submitted to the Texas Department of Transportation for review and approval under the Uniform Grant Management Standards, Attachment E, since we are your state coordinating agency.

In compliance with your request, we have reviewed our files on CAPCOG in order to evaluate the reasonableness of these proposed provisional rates included in the plan. Based upon the findings of our review, the following provisional rates are acceptable for use during the period October 1, 2010 to September 30, 2011:

Indirect Cost Rate	9.35%
Fringe Benefits Rate	44.49%

If we can be of further assistance, please do not hesitate to contact us.

Sincerely,

Dalton M. Ritter  
Supervisor, External Audit  
Audit Office

/dr

THE TEXAS PLAN  
REDUCE CONGESTION • ENHANCE SAFETY • EXPAND ECONOMIC OPPORTUNITY • IMPROVE AIR QUALITY  
INCREASE THE VALUE OF OUR TRANSPORTATION ASSETS

An Equal Opportunity Employer



UNITED STATES DEPARTMENT OF COMMERCE  
Chief Financial Officer and  
Assistant Secretary for Administration  
Washington, D.C. 20230

December 30, 2010

Ms. Sheila Jennings  
Deputy Director  
Capital Area Council of Governments  
6800 Burleson Road  
Building 310, Suite 165  
Austin, Texas 78744-2306

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Dear Ms. Jennings:

This letter is to confirm that no further action is required under Department of Commerce Financial Assistance Standard Term & Condition A.05, *Indirect Costs*. Pursuant to OMB Circular A-87, Cost Principles for State, Local, and Federally-recognized Tribal Governments, your organization is not required to submit an indirect cost allocation proposal or plan narrative to its cognizant agency. These plans are to be prepared and retained at the local government level. OMB Circular A-87, Attachment E, section D(1)(a) states, in part:

All department or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support the costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in the Common Rule.

When actual costs are known at the end of your fiscal year, you are required to account for differences between estimated and actual indirect costs by means of either: a) making an adjustment to the next year's indirect cost rate calculation to account for carry-forward (the difference between the estimated costs used to establish the rate and the actual costs of the fiscal year covered by the rate); or b) making adjustments to the costs charged to the various programs based on the actual charges calculated. Since OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, requires the independent auditor to determine the allowability of both direct and indirect costs, the organization's indirect cost charges will be subject to audit.

It is important to note that your organization is still required to submit to the U.S. Department of Commerce (DOC) an annual Certificate of Indirect Costs. The DOC acknowledges receipt of your most recent certificate, dated August 17, 2010 pertaining to your rate for Fiscal Year 2011. The submission of this form is due to our office within six (6) months after the close of your fiscal year. Therefore, your next certification will be due on March 31, 2012.

A copy of this letter will be retained in your official award file. If you have any questions, please email Greg Coss of my staff at [gcoss1@doc.gov](mailto:gcoss1@doc.gov) or call (202) 482-3134.

Sincerely,

A handwritten signature in blue ink that reads "Gary W. Johnson".

Gary W. Johnson  
Director, Grants Management Division  
Office of Acquisition Management

## **Capital Area Council of Governments FY 2011 Cost Allocation Plan**

The Capital Area Council of Governments accounts for all costs as direct program expenditures where administratively feasible. Expenditures for Accounting Services, Payroll & Personnel Services, Computer Support, Data Services, and Geographic Information Services have been pooled into separate cost pools and these costs are distributed directly to programs each month. The allocation method for Accounting Services is number of accounting transactions. The allocation method for Payroll & Personnel Services is number of employees per program. The allocation for Computer Support Services is the number of network connections per program. The allocation for Data Services is number of researched data sets per program. The allocation for Geographic Information Services is number of mapping projects per program.

Indirect Costs are allocated based on the modified direct expenditures method. The base is modified by only including the first \$15,000 of each contract or sub-grant. All Direct Capital Expenditures are excluded from the base.

The following is a general description of the treatment of categories of expenditures:

1. Salaries - All salaries are distributed based on semi-monthly time sheets. Time sheets are prepared and signed by each employee. Program Salaries are charged directly to the appropriate program budget. Salaries and benefits for the Executive Director's staff are allocated to the Indirect Cost Plan for services that benefit all program areas.
2. Employee Benefits - Benefits are allocated and documented in accordance with the Fringe Benefit and Cost Allocation Plan. Release Time (Annual leave, sick leave, and holiday leave) is included in the fringe benefit calculation.
3. Indirect Costs - Indirect costs are allocated in accordance with the approved Indirect Cost Allocation Plan. Accounting Services, Payroll & Personnel Services, Computer Support, GIS Services, Data Services, and Training Services are pooled and allocated as direct expenses to each program at the end of the month.
4. Contract Services - Costs are supported by signed contracts and expenditure reports prepared by each contractor. Contract expenditures are charged directly to the appropriate program.
5. Travel - Costs are distributed based upon the purpose of the travel as documented by travel vouchers, which the employee prepares and signs prior to receiving payment.
6. Photocopies - Each program area is issued an account code which keeps count of number of copies and actual costs are allocated based upon this account.

7. Communications - Telephone service and the costs are computed and allocated to the program to which the employee is assigned. All long distance calls require the use of an access code for tracking calls by each program.
8. Space Costs - Office rental is allocated based on actual square foot costs of space used by each program. This rental cost includes proportionate share of conference room used for Committee meetings, etc., and ancillary areas. Average rental cost is \$1.29 per square foot.
9. Other Expenditures - The remaining expenditure categories (such as consumable supplies, meeting registrations, dues, membership and publications, etc.) are costs for which each program directly pays. Documentation to support program allocations includes items such as purchase requisitions, receiving reports and vendor invoices.
10. Capital Equipment - Equipment purchases are expensed directly to programs. Documentation to support program allocations includes items such as purchase requisitions, receiving reports and vendor invoices. Capital purchases are made in accordance with the CAPCOG Purchasing Policy and are maintained in the fixed asset inventory.

## CERTIFICATION

This is to certify that:

1. I have reviewed the indirect cost proposal dated 8/17/10.
2. All costs included in the proposal dated 8/17/10 to establish billing for a provisional rate as allowable in accordance with the requirements of the grant(s), contract(s), and agreement(s) to which they apply and the applicable Federal cost principles specified below. (Please check Federal cost principles applicable to your award.)

  X   OMB Circular A-87, Cost Principles for State, Local and Federally-recognized Indian Tribal Governments.

       OMB Circular A-122, Cost Principles for Nonprofit Organizations.

       Federal Acquisition Regulations (FAR), Part 31, Cost Principles for Commercial Organizations.

3. This proposal does not include any costs which are unallowable under the applicable Federal and State cost principles.
4. This proposal complies with the requirements and standards on lobbying costs for OMB Circular A-122 or Federal Acquisition Regulations (FAR), Part 31, where such cost principles are applicable to the award.
5. All costs included in this proposal are properly allocable to Federal or State grant(s), contract(s), and agreement(s) on the basis of a beneficial or causal relationship between expenses incurred and the grant(s), contract(s), and agreement(s) to which they are allocated in accordance with the applicable Federal and State cost principles.
6. The Indirect Cost rate for the period October 1, 2010 to September 30, 2011 is 9.35%.

Subject to the provisions of the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. 3801 et seq.), the False Claims Act (18 U.S.C. 287 and 31 U.S.C. 3729), the False Statement Act (18 U.S.C. 1001), I declare that, to the best of my knowledge, the foregoing is true and correct.

Governmental Unit: Capital Area Council of Governments

Signature: 

Authorized Official: James Mikolaichik, Director of Finance Date: August 17, 2010



# CAPITAL AREA COUNCIL OF GOVERNMENTS

## Indirect Cost Allocation Plan

October 1, 2010 - September 30, 2011

EXPENDITURES	2009-10 Budget	2009-10 Estimate	2010-11 Budget
Salaries	267,519	267,519	288,475
Temporary Services	-	-	-
Release Time & Benefits	115,983	115,983	128,341
<b>TOTAL PERSONNEL COSTS</b>	<b>383,501</b>	<b>383,501</b>	<b>416,817</b>
Accounting/Auditing	11,821	11,821	15,144
Communications	5,634	5,634	5,797
Insurance	10,000	10,000	10,000
Legal	5,000	5,000	5,000
Postage	4,500	4,500	3,500
Printing	5,500	3,000	2,800
Photocopy Expense	6,000	6,000	6,000
Contractual Services	2,500	2,500	2,500
Professional Services	1,500	1,500	1,500
Advertising	500	500	500
Prof. Development	3,350	3,350	3,350
Meeting Expense	1,000	1,000	3,500
Subscriptions, Dues	25,500	25,500	26,500
Travel	16,100	16,100	16,100
Office Space	44,950	46,950	46,500
Equipment Maintenance	500	500	500
Consumable Supplies	13,000	17,000	12,000
Equipment Lease	27,500	27,500	27,500
Personnel/Payroll Services	18,092	18,092	21,386
Computer Support Services	11,366	11,366	11,757
Other	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>597,815</b>	<b>601,315</b>	<b>638,651</b>
Basis for Allocation	6,695,038	6,695,038	6,827,641
<b>INDIRECT RATE</b>	<b>8.93%</b>	<b>8.98%</b>	<b>9.35%</b>

Indirect costs are not to be considered Administrative or Overhead Costs. It is an accounting method used when costs are: (a) incurred for a common joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved. This method is outlined in OMB Circular A-87 as an allowable method of cost distribution. The modified direct method is used. This method uses all direct operating expenses and the first \$10,000 of any contracts/sub-grants as the basis for allocation of indirect costs. Separate costs pools have been established for Accounting, Personnel/Payroll, Computer Support, Data Services and Geographic Information Systems (GIS) and are allocated as direct costs to program areas based on allocation methods included in the approved Cost Allocation Plan.



**CAPITAL AREA COUNCIL OF GOVERNMENTS**  
**Fringe Benefits Rate**

October 1, 2010 - September 30, 2011

<b>RELEASE TIME</b>		
Vacation	126,240	
Sick Leave	96,183	
Holidays	132,251	
<b>Total Release Time</b>	<b>354,674</b>	<b>12.80%</b>
<b>BENEFITS</b>		
FICA	239,135	
Employee Insurance	396,423	
Retirement	220,066	
Unemployment Insurance	9,378	
Workman's Compensation	7,750	
Wellness Program	5,500	
<b>Total Benefits</b>	<b>878,251</b>	<b>31.69%</b>
<b>TOTAL RELEASE TIME AND BENEFITS</b>	<b>1,232,926</b>	<b>44.49%</b>
Total Salaries	3,125,942	
Less: Release Time	354,674	
	<b>2,771,268</b>	
<b>BASIS FOR BENEFIT RATE ALLOCATION:</b>		
	1,232,926 / 2,771,268	44.49%