



UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Washington, DC 20230

October 1, 2015

Lisa Byrd
Capital Area Council of Governments
6800 Burleson Road Building 310, Suite 165
Austin, TX 78744

Referenced: Certificate of Indirect Costs for State and Local Governments and Indian Tribes

This letter is to confirm that the Economic Development Administration (EDA) has accepted the Certificate of Indirect Costs for Capital Area Council of Governments for the period October 1, 2015 through September 30, 2016 with a rate of 27.80% using a direct cost base type of salary and wages. Pursuant to the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200) (OMB Uniform Guidance), your organization is not required to submit an indirect cost allocation proposal or plan narrative to EDA as its Cognizant Agency. Your organization is required to develop an indirect cost proposal and retain the proposal and related documentation for audit purposes. Paragraph D.1.b. of Appendix VII to 2 C.F.R. Part 200 states:

[G]overnmental departments or agencies must develop an indirect cost proposal in accordance with the requirements of this Part and maintain the proposal and related supporting documentation for audit. These governmental departments or agencies are not required to submit their proposals unless they are specifically requested to do so by the cognizant agency for indirect costs.

When actual costs are known at the end of your fiscal year, your organization is 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. Your organization's indirect cost charges will be subject to audit to determine the allowability of both direct and indirect costs.

It is important to note that your organization is still required to submit an annual Certificate of Indirect Costs to EDA no later than six months after the close of your fiscal year.

A copy of this letter will be retained in your official award file. If you have any questions, please email Mary Curry-Ledbetter of my staff at indirectcosts@eda.gov or call her at (202) 482-3357.

Sincerely,

A handwritten signature in black ink, appearing to read "Bryan Borlik".

Bryan Borlik
Director Performance and National Programs,
Economic Development Administration

U.S. Department of Commerce, Economic Development Administration
1401 Constitution Avenue, NW
Washington, DC 20230

CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal prepared and maintained herewith and to the best of my knowledge and belief:

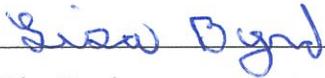
(1) All costs included in this proposal dated 9/30/15 to establish indirect costs rate(s) for 10/1/2015 through 9/30/2016 are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200) Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) 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. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

(3) The indirect cost rate calculated within the proposal is 27.8%, which was calculated using a direct cost base type of Salaries and Wages. The calculations were based on actual costs from fiscal year 2014 to obtain a federal indirect cost billing rate for fiscal year 2016.

(4) All documentation supporting the indirect cost rate identified above must be retained by the Recipient. This rate should be reviewed and validated as part of the Recipient's annual financial audit.

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

Organization Name: Capital Area Council of Governments
Signature: 
Name of Authorized Official: Lisa Byrd
Title: Director of Finance
Email Address and Phone: lbyrd@capcog.org 512-916-6174
Date of Execution: September 30, 2015

CERTIFICATION

This is to certify that:

1. I have reviewed the indirect cost proposal dated 9/30/15.
2. All costs included in the proposal dated 9/30/15 to establish billing for a fixed 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, 2015 to September 30, 2016 is 27.8% of salaries and wages. This calculates to 1.82% of the anticipated total expenditures for CAPCOG in FY 2016.

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: _____

Lisa Byrd

Authorized Official: Lisa Byrd, Director of Finance

Date: September 30, 2015



Capital Area Council of Governments FY 2016 Cost Allocation Plan

The Capital Area Council of Governments uses the cost allocation method prescribed in OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200), Department of Health and Human Services (HHS) publication: *A Guide for State, Local and Indian Tribal Governments* (ASMB C-10); *Review Guide for State and Local Governments State/Local-Wide Central Service Cost Allocation Plans and Indirect Cost Rates*; and the Texas Uniform Grants Management Standards (UGMS) to distribute shared costs throughout the grants and programs that it administers. Six direct cost pools have been established for common services: Accounting Services, Payroll & Personnel Services, Information Technology Services, Copier, Telephone, and Office Space. Actual accumulated costs are 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
- Payroll & Personnel Services is the number of labor hours per program
- Information Technology Services is the number of network connections per program..
- Copier and Telephone is a proportional share of copies and phone charges
- Office Space is based on actual square footage per program.

OVERVIEW

Basis of Accounting:

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

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

Indirect Cost Rate Allocation Base: Total Salaries and Wages.

Fringe Benefits: Fringe benefits are charged to each Program Cost Pool in direct proportion to the actual salaries charged to each. .

Internal Control: Capital Area Council of Governments maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal and State contracts or grants. CAPCOG uses Abila Software's MIP Fund Accounting software which has built in internal control features such as password security, restricted access, levels of authorization, dual entry, date restriction and designated approval processes. In the Navigator mode, accounting transactions are laid out in flow chart fashion so that all steps in a process can be followed.

Accumulated Indirect Costs: CAPCOG accumulates all indirect costs and revenues in MIP fund account 100 titled, "General Fund", and program codes 110 "General Management" and 130 "General Services."

Other policies and guidelines:

CAPCOG Fixed Assets Policy
CAPCOG Fund Balance Policy
CAPCOG Investment Policy
CAPCOG Internal Controls Policy
CAPCOG Personnel Policies
CAPCOG Travel Guidelines

DESCRIPTION OF COST ALLOCATION METHODOLOGY:

Salaries and Wages:

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

Fringe Benefits:

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

Payroll Taxes-FICA
Payroll Taxes – Medicare
Unemployment Insurance
Workman's Compensation
Retirement Contribution (401K match for those participating)
Health Insurance
Dental Insurance
Vision Insurance
Long Term Disability Insurance
Term Life Insurance
Wellness Program
Merit Pay
Vacation
Sick time
Holidays
Personal Day

Fringe benefits are tracked through the payroll module of the MIP accounting software. Charges to grants and programs are in direct proportion with compensation charges. Release Time (Annual leave, sick leave, holiday leave, and personal day) is included in the fringe benefit calculation. A wellness program contribution and a finite amount for merit, when available, are also included.

Travel:

Travel is charged directly to the program or cost pool that it benefits. The purpose of the travel is documented by travel request forms, which the employee prepares and signs prior to receiving payment. Travel costs are finalized with an after-travel form that documents final expenses. Travel complies with state and federal guidelines and with CAPCOG's Travel Guidelines.

Copies:

CAPCOG uses leased copiers, each of which has been programmed with preset codes used to identify the program and grant where appropriate using the machine and the number of copies produced. Actual costs related to this pool are charged out monthly.

Postage:

Metered postage is charged directly based on actual postage cost. The cost of the leased postage meter is allocated to programs based on the number of items mailed.

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, as do conference calls.

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 at an annual rate of \$17.25 per square foot (monthly at \$1.42 per square foot). Common Area Maintenance charges and costs for maintenance or repairs are pooled and charged out monthly in proportion to the space used by each program.

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.

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 Procurement Policy and are maintained in the fixed asset inventory.

Contracts:

Contracts procured for the benefit of grants, programs or cost pools are charged directly to the grants, programs or cost pools that they benefit. Costs are supported by signed contracts, and where expending more than \$15,000, with Executive Committee approval. Audit fees are allocated to the grants or programs through the Accounting Services allocation.

Accounting Services Allocation:

These services comprise the overall financial management function for all grants and programs. These services include: recording all cash receipts, processing vendor and subcontractor disbursements, accounts receivable, invoicing, periodic reporting to funding agencies and internal management; budget support, cash management, purchasing and procurement functions, and support for all independent fiscal and operational audit teams and monitoring teams from all funding agencies.

Costs are allocated monthly, based on the number of physical accounts payable, accounts receivable, cash receipts, cash disbursements and general journal accounting transactions incurred by individual grants. The MIP accounting system creates computerized calculations which are kept on file to support the transaction counts applied to each grant. The theory behind this method is supported by the premise that, direct labor for all accounting staff members is collectively applied to grants in a manner that directly correlates to the physical transactions generated in the accounting ledgers. This is consistent with ASMB C-10.

Information Technology (IT) Allocation:

Services for this function primarily relate to the Information Technology (IT) support of the local and wide-area computer network systems, which are centralized at CAPCOG's offices. IT support includes all maintenance of the network servers, all peripheral equipment used in the connectivity of the local and wide-area computer network systems, maintenance of all network and PC operating systems and all software applications, maintenance of all PC workstations at all locations, ensuring proper licensing, the maintenance of the software library, GIS technical support, and providing technical support and some software training to all employees of CAPCOG. Contracted IT services to sub-contractors and third parties help to subsidize expenses and reduce costs to the programs and grants. Costs are allocated monthly based on the number of network connections and devices supported in each program or grant.

Payroll and Personnel Services Allocation:

These services comprise payroll and human resources functions for CAPCOG. These include the physical processing of a bi-weekly payroll run, disbursement and periodic payroll tax reporting, orientation for new employees, organizing required training, enrollment support for all benefits paid by CAPCOG, maintenance of a CAPCOG-sponsored defined contribution retirement plan, maintenance and control of all personnel records, and compliance with all federal and state employment laws. The allocation method for Payroll & Personnel Services is the number of labor hours per program.

Indirect Costs Allocation:

The Indirect Cost pool is used to allocate the general costs of the Capital Area Council of Governments that cannot be directly assigned to a specific department, program or grant. Indirect Cost Pools were established by OMB Circular A-87, updated in OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200), and further defined by the Uniform Grants Management Standards (UGMS). These services comprise the overall management function for all grants and programs.

The budget for the indirect cost pool includes salary and benefits for the CAPCOG Executive Director, the Director of Administration, Member Services Coordinator, Administrative Assistant to the Director's office, and Receptionist, employee development and training, executive travel, training, general insurance, general membership dues, Executive Committee meetings and travel, General Assembly meetings costs, postage and printing for announcements, meetings and general mailing, software maintenance and direct supplies.

Costs for any of the employees that can be readily identifiable as associated with a particular program or cost pool will be directly charged to that program. Indirect costs are allocated based on the actual accumulated expenditures in the indirect cost pool. Using the Simplified Allocation Method, the total allowable indirect costs are divided by an equitable distribution base. For CAPCOG, the distribution base is the total salaries and wages. The result of this process is an indirect cost rate, expressed as the percentage which the total amount of allowable indirect costs bears to the base (total salaries and wages). The rate provides a monthly charge to all programs to insure that all programs are equally charged a proportionate share of the Indirect Costs.

CAPCOG uses the Indirect Cost with Carry forward method.

Allocations within individual programs:

Indirect costs and other cost allocations are made at the program level. In some cases, such as in Aging Services programs, costs must be allocated between various funding streams within a program which permit the same expenditures. When this is necessary, the individual programs have developed allocations that are acceptable to their granting agencies.

Pass Through:

Pass Through is the distribution of goods and services directly for the benefit of the intended purpose of the grants or programs where the contracting entity acts merely as a conduit. Since CAPCOG exercises total administrative, managerial and financial control and oversight, very little of its funds can be considered as pass through funds.

Unallowable Costs:

CAPCOG recognizes that unallowable costs, as defined by OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200) and UGMS, unless exempted or otherwise allowed, cannot be charged to state or federal awards and has internal controls in place to insure that this is followed.



CAPITAL AREA COUNCIL OF GOVERNMENTS
INDIRECT COST ALLOCATION PLAN
October 1, 2015 - September 30, 2016

EXPENDITURES	2014-15 Budget	2014-15 Estimate	2015-16 Budget
Salaries	291,202	269,493	286,718
Temporary Services	-	13,186	-
Release Time & Benefits	146,371	146,371	144,559
TOTAL PERSONNEL COSTS	437,573	429,050	431,277
Accounting	12,308	16,440	13,285
Communications	8,922	6,147	7,941
Insurance	17,000	12,000	12,000
Legal	3,000	3,000	3,000
Postage	7,000	7,000	7,000
Printing	1,000	1,400	1,500
Photocopy Expense	14,500	14,400	12,000
Contractual Services	1,500	1,500	1,500
Professional Services	1,000	500	0
Advertising	500	500	500
Prof. Development	3,350	3,350	3,350
Meeting Expense	3,500	2,000	1,000
Subscriptions, Dues	30,500	30,500	34,375
Travel	10,000	10,000	9,200
Office Space	69,000	69,000	63,825
Equipment Maintenance	500	500	500
Consumable Supplies	8,500	8,000	10,500
Furniture Lease/Maintenance	14,250	14,250	7,107
Personnel/Payroll Services	12,259	12,259	13,161
Computer Support Services	18,925	18,925	22,546
GIS Services	3,000	3,000	2,000
Indirect Carryover	(46,791)	(46,791)	15,829
Cost Recovery CAECD	(215,000)	(215,000)	(230,504)
TOTAL EXPENDITURES	416,297	401,930	442,893
Basis for Allocation	1,601,799	1,601,799	1,592,943
INDIRECT RATE	25.99%	25.09%	27.80%

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. As of FY 15, CAPCOG uses total direct salaries and wages as the basis for distributing indirect costs to individual program areas, resulting in each award bearing a fair share of the indirect costs in reasonable relation to the benefits received from the costs. Separate costs pools have been established for Accounting, Personnel/Payroll, Computer Support, 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

October 1, 2015 - September 30, 2016

RELEASE TIME		
Vacation	159,222	
Sick Leave	106,148	
Holidays	159,222	
Total Release Time	424,592	13.94%
BENEFITS		
FICA	265,502	
Employee Insurance	563,829	
Retirement	236,002	
Unemployment Insurance	13,882	
Workman's Compensation	9,450	
Wellness Program	5,500	
Merit Pool	17,000	
Total Benefits	1,111,165	36.48%
TOTAL RELEASE TIME AND BENEFITS	1,535,757	50.42%
Total Salaries	3,470,614	
Less: Release Time	424,592	
	3,046,021	
BASIS FOR BENEFIT ALLOCATION:		
	1,535,757 / 3,046,021	50.42%

CAPITAL AREA COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

For the Year Ended September 30, 2014

	2014		2013
	Actual	Budget	Actual
Salaries	\$ 284,125	\$ 286,642	\$ 299,742
Benefits	134,083	140,554	138,166
	<u>418,208</u>	<u>427,196</u>	<u>437,908</u>
Accounting/auditing	18,687	18,700	28,882
Communications	4,733	6,522	4,726
Insurance	8,965	17,000	7,416
Legal	111	3,000	1,050
Postage	5,234	5,000	6,602
Printing	1,288	500	1,919
Photocopy expense	12,076	12,000	13,631
Contractual services	-	1,500	-
Professional services	-	1,500	7
Advertising	75	500	25
Professional development	13,729	3,350	2,997
Meeting expense		3,500	3,261
Subscriptions dues	32,653	29,900	21,664
Travel	5,757	16,500	6,431
Office space	53,098	58,650	48,348
Equipment maintenance	-	500	-
Consumable supplies	7,942	8,000	5,378
Equipment lease	21,320	22,000	28,427
Personnel payroll services	9,241	16,809	11,426
Computer support services	11,696	15,079	12,452
Indirect carry forward	-	29,037	-
Total Indirect Costs	<u>\$ 624,813</u>	<u>\$ 696,743</u>	<u>\$ 642,549</u>
Indirect Cost Allocation Base	<u>\$ 8,808,276</u>	<u>\$ 7,548,284</u>	<u>\$ 6,749,425</u>
Indirect Rate	<u>7.09%</u>	<u>9.23%</u>	<u>9.52%</u>



CAPITAL AREA COUNCIL OF GOVERNMENTS
WORKSHEET - SUPPLEMENTARY
SCHEDULE OF INDIRECT COSTS

For the Fiscal Year Ended September 30, 2014

EXPENDITURES	2013-14 Budget	2013-14 Actual
Salaries	286,642	284,125
Temporary Services	-	-
Release Time & Benefits	140,554	134,083
TOTAL PERSONNEL COSTS	427,196	418,208
Accounting	18,700	18,687
Communications	6,522	4,733
Insurance	17,000	8,965
Legal	3,000	111
Postage	5,000	5,234
Printing	500	1,288
Photocopy Expense	12,000	12,076
Contractual Services	1,500	-
Professional Services	1,500	-
Advertising	500	75
Prof. Development	3,350	13,729
Meeting Expense	3,500	-
Subscriptions, Dues	29,900	32,653
Travel	16,500	5,757
Office Space	58,650	53,098
Equipment Maintenance	500	-
Consumable Supplies	8,000	7,942
Furniture Lease/Maintenance	22,000	21,320
Personnel/Payroll Services	16,809	9,241
Computer Support Services	15,079	11,696
Indirect Carryover	29,037	-
Other	-	-
TOTAL EXPENDITURES	696,743	624,813
Basis for Allocation	7,548,284	8,808,276
INDIRECT RATE	9.23%	7.09%

Actual recovery - Budgeted Rate x Actual Base Expenditures		
9.23%	X	\$ 608,984.00
Calculated Carry-forward to future year (FY 15)		
608,984	-	624,813
		15,829