

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

NON-FEDERAL INDIRECT COST RECOVERIES

8756.2

(Revised 3/90)

Departments which receive reimbursements from other than Federal funding sources will also ensure that full costs are included in charges for goods provided and services performed. The basic principles and cost elements included are the same as for Federal ICRPs (see SAM Section 8756.1) with one exception; non-Federal cost recoveries will include the larger of the department's central service costs, SWCAP or Pro Rata. See 8756.1 Illustration 1 for a sample indirect cost calculation.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

RECOVERY OF INDIRECT COSTS SAMPLE CALCULATION

Department A administers a program, grant, or contract and is preparing to bill for services rendered.

1. Department A develops an Indirect Cost Rate Proposal (ICRP) with a 32 percent indirect cost rate as follows:

$$\begin{array}{rcl} \text{Total department indirect + central service allocation (a)} & & = \\ \text{Total direct cost base (direct personal services costs) (b)} & & \\ \\ \$2,660,000 + \$140,000 & = & 2,800,000 \\ \$8,750,000 & & 8,750,000 \end{array} = 32\%$$

2. The indirect cost rate applicable to central service costs is:

$$\begin{array}{rcl} \text{Department A's central service allocation} & = & 140,000 \\ \% & & 8,750,000 \end{array} = 1.6\%$$

3. Assume total direct costs incurred for Department A's reimbursable activity during the billing period to be \$350,000, of which \$250,000 is for direct personal services costs and \$100,000 is for other direct operating costs.

4. Billable amount for period = direct costs + indirect costs
$$\begin{array}{l} = (\$250,000 + \$100,000) + (32\% \times \$250,000) \\ = \$350,000 + \$80,000 \\ = \$430,000 \end{array}$$

- 5a. Expected central service recovery = central service indirect cost rate x direct cost base:

$$\begin{array}{l} = 1.6\% \times \$250,000 \\ = \$4,000 \end{array}$$

—or—

- 5b. Expected central service recovery = Department A's central service allocation x indirect costs

$$\begin{array}{rcl} \text{Total departmental indirect costs} & & \\ \\ & = & 140,000 \quad \times \quad \$80,000 \\ & = & 2,660,000 + 140,000 \\ & = & .05 \times \$80,000 \\ & = & \$4,000 \end{array}$$

(Continued)

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

(Continued)

RECOVERY OF INDIRECT COSTS SAMPLE CALCULATION

Summary:

Department A would collect a total of \$430,000 for its reimbursed activity, \$4,000 of which is attributable to central service costs.

- (a) Use SWCAP for federal funded programs; use Pro Rata costs or SWCAP, whichever is greater, for non-federal funded programs.
- (b) Total direct salaries and wages, total direct costs, or some other appropriate base could be substituted as the base in developing the indirect cost rate.

SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

INDIRECT COST RATE PROPOSAL SUMMARY FOR FY _____

DATE SUBMITTED _____

1. AGENCY NAME (ORSL) _____

2. CONTACT PERSON (PHONE) _____

3. COGNIZANT FEDERAL AGENCY _____

4. PLAN TYPE IF NEED CARRY FORWARD
 PROVISIONAL/FINAL
 OTHER (describe) _____

5. IS THIS PLAN CONSISTENT WITH PREVIOUS PLANS?
 YES NO (EXPLAIN) _____

6. PREVIOUS PLAN FILED - FISCAL YEAR _____

7. IF THE PLAN TYPE IS PROVISIONAL/FINAL HOW WILL THE FINAL SETTLEMENT BE MADE WITH THE FEDERAL GOVERNMENT? _____

8. HAVE ACTUAL SWCAP RECEIVED BEEN CONSISTENT WITH BUDGETED SWCAP AMOUNTS?
 YES NO (EXPLAIN) _____

9. DIRECT COST BASE USED TO CALCULATE ICRP RATE:
 DIRECT PERSONAL SERVICES DIRECT SALARIES AND WAGES TOTAL DIRECT COSTS
 OTHER (describe) _____

10. ICRP RATES SINGLE MULTIPLE

11. COSTS INCLUDED IN ICRP REFERENCIBLE TO GOVERNOR'S BUDGET
 OTHER BUDGET REPORTS (describe) _____
 OTHER REPORTS OF ACTUAL EXPENDITURE (describe) _____

12. SWCAP ASSESSMENT INCLUDED IN ICRP FY _____ AMOUNT \$ _____

13. INDIRECT COSTS USED TO CALCULATE ICRP RATE INCLUDES/EXCLUDES (YES/NO):
 INCLUDES PRO RATA CHARGES _____ EXCLUDES EQUIPMENT EXPENDITURES _____
 INCLUDES EQUIPMENT USE ALLOWANCE _____ EXCLUDES OTHER NON-ALLOWABLE COSTS _____
 IF NO TO ANY OF THE ABOVE (13), EXPLAIN _____

14. COMMENTS _____

INDEX (TOP)

**DEPARTMENT OF FINANCE
USE ONLY**

Date: _____

Budgetary Information
 State Operations:

General Fund \$ _____
 Federal Fund \$ _____
 Other \$ _____
 Total \$ _____

General Fund
 Federal Fund
 Other
 Total

1. _____
 2. _____
 3. _____
 4. _____
 5. _____
 6. _____
 7. _____
 8. _____
 9. _____
 10. _____
 11. _____
 12. _____
 13. _____
 14. _____

Reviewer _____