

## SAM—MISCELLANEOUS ACCOUNTING PROCEDURES

### COST ELEMENTS INCLUDED

8752.1

(Revised 09/09)

Include the following costs in charges for goods and services:

- Department direct costs
- Department indirect (overhead) costs
- Central service costs

1. Department direct costs are those which can be identified specifically with a particular cost objective, such as:
  - a. Personal services costs incurred in meeting the cost objective (personal services costs will include the fringe benefit factors prescribed in SAM Section 8740).
  - b. Operating expenses and equipment costs incurred in meeting the cost objective, such as the cost of contracts, travel expenses, etc.
2. Department indirect (overhead) costs are those support costs which benefit more than one cost objective/organizational unit. These costs are accumulated and allocated periodically to the cost objective/organizational units which benefit from the support activity/function. Departmental indirect costs include:
  - a. Personal services costs of unit, bureau, division, and department administrative, supervisory, and executive staff.
  - b. Personal services costs of support units, including clerical support, housekeeping, etc.
  - c. Operating expenses and equipment costs not included as part of department direct costs.
3. Central service costs are costs incurred by central service departments (e.g., [Department of Finance](#), [State Controller's Office](#), [State Personnel Board](#), etc.) for the benefit of state departments. See SAM Section 8753 for more information on central service costs.