

SPECIAL REPORT

INDIRECT COST ALLOCATION PLAN 2011 A-87 Report and Historical Trend

Comptroller's Summary

Dutchess County's A-87 for fiscal year 2011 has been completed and filed with the New York State Department of Social Services and provided to the Dutchess County Department of Social Services (DSS). Federal regulations establish a two-year historical cost pattern for claiming; therefore DSS will claim 2011's indirect costs in 2013. Final 2011 A-87 indirect costs for DSS totaled \$2,629,007; and the anticipated revenue due to Dutchess County in 2013 is approximately \$1,229,085.

Where applicable, DSS has increased revenue reimbursement collection from their funding sources through the payment of interdepartmental services through direct charges. This results in a higher rate of reimbursement. The effect of this will be a decrease in indirect costs in future years.

What is the Indirect Cost Allocation Plan?

The A-87 Annual Report is also known as the Indirect Cost Allocation Plan (ICAP) and must be prepared and submitted annually to receive reimbursement. The ICAP's purpose is to quantify services provided throughout the county, allocate costs equitably and recover funds.

The Federal government recognizes that grantees incur indirect costs that benefit Federal grant programs therefore, the Office of Management and Budget (OMB) Circular No. A-87 established principles and standards for determining allowable indirect costs applicable to grants, contracts, and other agreements with State and local governments. Indirect costs are those costs not readily identifiable with the program itself but incurred for the benefit of the program.

In Dutchess County, some departments provide support and services to all departments and divisions of County government. Examples of such departments are: Department of Public Works, Auto Center, Central Procurement, Personnel, OCIS (Computer services), Comptroller and Finance. DSS utilizes the services of these Departments as they administer the Federal grants. This report is a cost allocation plan which gathers and organizes information on the costs of those County departments providing service to all Dutchess County departments.

How is the Indirect Cost Allocation Plan Prepared?

The Comptroller's Office is responsible for the preparation of Dutchess County's A-87. County departments are contacted and relevant statistical data is collected for inclusion in

fifty-nine schedules. Fifty-eight schedules are prepared by the Comptroller's Office; one schedule, the Maintenance-in-Lieu cost schedule is prepared by the Department of Public Works. Maintenance-in-Lieu costs represent costs associated with the space departments occupy.

These schedules, along with the County's Annual Financial Report, are provided to an outside consultant who uses the information to create the A-87 in the form required by the Federal Government. The A-87 report prepared by the consultant consists of 103 unique schedules. The report is filed with the New York State Department of Social Services and the Dutchess County Department of Social Services.

How is the Indirect Cost Allocation Report used?

- Dutchess County Department of Social Services utilizes the ICAP calculation to claim revenue reimbursement for the applicable indirect costs and to project budgeted revenue.
- Additional information in the report is used by various departments.
 - The 2011 Fringe Benefit Rate, 46.74%, is used by departments such as the Department of Mental Hygiene, the Health Department, and the Department of Public Works for inclusion in claims.
 - This established Fringe Benefit Rate is used by OCIS for inclusion in their billable rate to reimbursable departments* and outside agencies.
 - Maintenance-in-Lieu costs are used by Public Works to bill County reimbursable departments (Mental Hygiene, Health, Social Services, Office of the Aging and CASA, Youth Bureau, Airport and Mass Transportation) for their maintenance-in-lieu of rental costs. Reimbursable departments can then bill available funding sources.

Historical Perspective 2006-2011

The table on the following page reflects the historical data from 2006 through 2011. The graph exhibits Claimable Costs, Budgeted Revenue and Actual Revenue Received for each year. As shown from the historical trend, an average of 45% of submitted costs were reimbursed by the Federal government.

DSS receives interdepartmental services from several departments including, the County Attorney's Office and Records Management. The payments for these services were paid for by DSS through Interdepartmental Contracts. As a result, these charges were reported as direct charges to DSS resulting in a higher reimbursement rate than what the County would receive by reporting these as indirect costs.

* A reimbursable department is a department who can claim a portion of expenses to another funding source.

A-87 History of Revenue and Costs

Year	2006	2007	2008	2009	2010	2011	Total/ Averages
Costs Claimed	\$2,094,589	\$2,492,309	\$2,567,303	\$2,828,743	\$3,098,676	\$2,508,303	\$15,589,923
Budgeted Revenue	\$1,047,294	\$1,047,294	\$1,283,651	\$1,414,371	\$1,549,338	\$1,254,151	\$7,596,099
Actual Revenue	\$987,457	\$1,166,376	\$1,098,947	\$1,196,570	\$1,457,307	\$1,172,970	\$7,079,627
% of Revenue Budgeted	50.00%	42.02%	50.00%	50.00%	50.00%	50.00%	48.72%
% of Revenue Actually Received	47.14%	46.80%	42.81%	42.30%	47.03%	46.76%	45.41%
% of Budgeted Revenue Received	94.29%	111.37%	85.61%	84.60%	94.06%	93.53%	93.20%

According to the Director of Administrative Services in the Department of Social Services, the net rate of reimbursement is dependent on adjustments to claims, ceilings and category splits.

