

STATE CONTROLLER POLICY

COST ALLOCATION AND INDIRECT RECOVERIES

Purpose:

It is the policy of the Office of the State Controller to maximize indirect cost recoveries to the extent permitted under state and federal law. These policies and procedures are based on federal laws and regulations for federally funded activities, and state laws for state funded activities.

Authority:

Title 48, Chapter 99, Subchapter B, Part 9904: Office of Management and Budget (OMB) Cost Accounting Standards Board, Cost Accounting Standards.

OMB Uniform Guidance 2 CFR, Part 200, Subpart E –Cost Principles, Section 400-475

Applicability:

This policy is applicable to all departments receiving, administering or expending federal assistance or cash funds unless otherwise exempted by a federal or a state law.

Indirect Cost Allocations for Federal Indirect Cost Recovery Purpose:

A state agency that receives federal funds shall prepare an indirect cost rate proposal/plan (ICRP) (e.g. Statewide Indirect Cost Allocation Plan (SWCAP); Public Assistance Cost Allocation Plan (PACAP); or Cost Allocation Plan (CAP) in accordance with the OMB's Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards commonly known as 'Uniform Guidance'.

A state agency that receives federal funds primarily from federal programs that do not allow indirect cost recoveries is exempt from preparing an indirect cost rate proposal/plan, and therefore does not require a negotiated agreement with the federal government. However, the state agency must send the Office of the State Controller documentation supporting this fact for review.

State agencies may use the 10% de minimis rate if the agency has never prepared an ICRP or obtained a negotiated rate, and can use that rate indefinitely until the agency negotiates an agreed-upon indirect cost recovery rate with the federal government. All pass through entities must allow the 10% de minimis rate to their subrecipients if the subrecipient does not have a negotiated rate with the federal government.

Agencies may request a waiver from complying with the preparing ICRP requirements in writing to the Office of the State Controller stating the reasons such as hardship or cost effectiveness.

Indirect Cost allocations for establishing fees and appropriations:

A state agency that receives cash funds based on fees charged to users shall compute an indirect cost allocation that identifies and allocates all indirect costs. The cash funded programs and services shall use cost allocation to cash programs as a component in the calculation of fees recovered. The allocations shall be documented, and include all costs allocated in the Statewide Appropriations/Cash Fees Plan unless there is a statutory limitations.

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Accounting for Indirect Cost Recoveries:

Indirect cost recoveries shall be recorded when earned in separately identifiable accounts. All indirect cost recoveries shall be credited to the state general fund, unless otherwise appropriated or directed by law.

Excess indirect recoveries should be credited to the Indirect costs excess recovery fund per Section 24-75-1402(2)(4), C.R.S at the end of each fiscal year.

ICRP/CAP Submission Timeline and Negotiated Agreement to the Office of the State Controller:

State agencies shall prepare and submit indirect cost rate proposals/plans to their federal cognizant agency within six months (December 31st) after fiscal year-end. Once the state agency completes the negotiation with the federal cognizant agency, the state agency shall send the final negotiated agreement to the Office of the State Controller to ensure that ICRP rates are in place and that the state agency recovers their applicable indirect costs.



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