

North Central Texas Council of Governments
Transportation Department

Cost Allocation Plan

Fiscal Year 2018 and Forward

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**North Central Texas Council of Governments
Transportation Department**

CERTIFICATE OF COST ALLOCATION PLAN


This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

1. All costs included in the North Central Texas Council of Governments Transportation Department Cost Allocation Plan Updated Fiscal Year 2018 to establish cost allocations and billings are reasonable, allocable and necessary for the performance of grant activity and are allowable in accordance with the requirements of 2 CFR 200. Unallowable costs have been adjusted prior to 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 awards to which they are allocated in accordance with applicable requirements. Further, the costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare the foregoing is true and correct.

Organization: North Central Texas Council of Governments

Signature: 

Name of Official: Monte Mercer, CPA

Title: Deputy Executive Director

Date of Execution: 8/3/2017

ORGANIZATION and HISTORY

This Cost Allocation Plan is established for the Transportation Department of the North Central Texas Council of Governments. The Transportation Department has been serving as the Metropolitan Planning Organization (MPO) for transportation for the Dallas Fort Worth Area since 1974. The Transportation Department coordinates and implements projects and programs under multiple agreements with Federal, State, and Local partners. The Transportation Department takes responsibility for implementation of programs through direction and approval by the North Central Texas Council of Governments Executive Board and the Regional Transportation Council. The Transportation Department is supported by other Departments within the North Central Texas Council of Governments through allocation methodologies, plus additional support as needed, which is coordinated annually through Interdepartmental Agreements.

The Transportation Department has previously utilized cost allocation methodologies to support accounting needs. Some methodologies have been formally documented while others have been documented and communicated as necessary for specific grant awards. This Cost Allocation Plan replaces previous formal documentation of the Transportation Department's Cost Allocation Plan. Application of this Cost Allocation Plan does not preclude the Transportation Department from implementing other direct allocation methodologies. The Transportation Department will continue to document and communicate use of other project-specific allocation methodologies as needed to meet the needs of specific grant awards.

COST ALLOCATION SUMMARY

The Transportation Management and Administration Allocation (M&A Allocation) categorizes management and administrative costs that facilitate the operations of the Transportation Department (Transportation), providing support to multiple Transportation projects and programs. These costs are recorded to an allocation pool (M&A Allocation Pool) and distributed to all Transportation projects. Pooled costs are allocated monthly to Transportation projects based on a labor hour methodology. Costs included in the M&A Allocation Pool are allowable costs as defined by the Code of Federal Regulations, and are not included in the Agency's indirect rate. The costs allocated each month are based on actual expenditures and are not based on projections or estimates. The basis used allows for fair and equitable distribution of management and administrative costs to all projects.

This Cost Allocation Plan will be continuously monitored and evaluated. Updates to this plan will be considered if there are major changes in the management structure of the Transportation Department, changes to revenue expectations, or other changes impacting the guidelines or methodologies described herein.

COST CATEGORIZATION

Transportation Department staff, accounting support staff, and managers with expenditure approval authorization are responsible to ensure project costs are reasonable, allowable, allocable, and necessary to support Transportation projects and programs. Transportation Department procedures and the Agency's accounting system are used to evaluate and categorize costs. All expenditures are assigned a project account identification and general ledger code to appropriately organize, report, and analyze costs. Costs can only be assigned to the specific project accounts for which the cost is allowable. All costs are evaluated to determine eligibility and assignment to a project, whether they are directly charged to a grant project or included in an allocation pool.

Allowable Costs

The following steps are taken to identify and ensure costs are allowable for each project:

1. Transportation and accounting staff are familiar with the scope of work for each project. Additionally, specific positions are responsible for maintaining advanced knowledge of cost eligibility regulations and resources for each funding program. Grant agreements are available for all Agency staff to view or reference.
2. For each funding award, an appropriate set of general ledger accounts is established to reflect the categories of allowable costs identified in the award or the award budget. The Agency's accounting software allows certain expenses to be excluded from a project by limiting the general ledger accounts authorized for a project. This feature helps establish eligible cost categories for each project based on the grant award agreement at the start of a project.
3. The Agency implements an electronic timesheet system that allows employees to record actual hours worked by project. Each employee is responsible to accurately record labor hours for each project, ensuring all activities are eligible and supportive of the scope of the project. Timesheets are also reviewed and approved by supervisors.
4. All costs are reviewed and approved by at least one Transportation Department staff member and one accountant with expenditure authorization authority (Approvers) before they are recorded in the accounting system and assigned to a project. Approvers review and evaluate for the following:
 - Whether the cost is of a type that is generally considered as being necessary for the operation of the Organization or the performance of the award.
 - Consistency with established policies and procedures of the Organization and consistent treatment of similar costs over time.
 - The cost is allocable.
 - The cost conforms to any limitations or exclusions of the award or governing regulations.

- The cost is applied in accordance with generally accepted accounting principles.
 - Costs may not be included as a cost of any other federally financed program in the current or prior periods.
 - The cost is adequately documented.
5. Staff coordinates written approval from funding partners as needed for any costs requiring advanced approval. This written authorization is maintained in the backup documentation.
 6. Staff ensures application of appropriate methodologies and documentation for corrections, credits, program income, rebates, and other items. These accounting actions are reviewed and approved by Agency accounting staff before entry into the accounting system.

Grant Costs

Expenses specifically supporting a particular program are charged directly to that program. Staff assigns an appropriate general ledger account and project code to each cost to record the cost against the appropriate funding agreement. All costs are reviewed by Agency accounting staff before entry into the Agency accounting system. For the purposes of this Cost Allocation Plan, projects that are charged directly to support the specific scope of work of the project are referred to as grant projects.

Pooled Costs

Any allowable cost may be included in an allocation pool if the cost is consistent with the purposes of the allocation pool. The guidelines and methodologies described in this Cost Allocation Plan are used by staff to determine applicable costs to include in an allocation pool. All pooled costs are reviewed by Agency accounting staff before entry into the Agency accounting system. Pooled costs are applied to applicable projects through the allocation methodologies described in this Cost Allocation Plan by Agency accounting staff.

TRANSPORTATION MANAGEMENT AND ADMINISTRATION ALLOCATION (M&A ALLOCATION)

The following paragraphs describe the Transportation Department's use of an allocation methodology to equitably record costs associated with management and administrative activities to Transportation projects.

Allocated Activities

Transportation and Administration Department staff facilitate the operations of the Transportation Department and support implementation of projects and programs through management and administrative activities, including but not limited to the following activities that are categorized as pooled activities and may be included in the M&A Allocation Pool:

- Department management
- Administrative support
- Personnel-related support and actions
- Advancement and support for Agency initiatives
- Risk assessment and mitigation planning
- Information systems development and maintenance
- Development of procedures and management tools
- Accounting support and fiscal management
- Computer expenses and support services
- Budgeting
- Agency and MPO compliance responsibilities

Typically, these are activities conducted in a manner that benefit the operations of the Transportation Department, helping to support and provide efficiencies to multiple projects and programs. Allocable activities are driven by management and administrative processes, supporting internal control procedures and compliance with established rules and best practices. These activities support business operations and help advance decisions regarding Agency and Department liability. Additional management or administrative activities may be included in the M&A Allocation Pool if they are consistent with the above description and intent of the M&A Allocation.

M&A Costs

Any allowable cost supporting the Transportation Department's management and administration activities may be included in the M&A Allocation Pool. The following is a list of the types of expenses that may be included in the M&A Allocation Pool.

Salaries and Wages - Any Agency staff performing activities consistent with the described pooled activities will code time worked to the appropriate allocation pool project.

Payroll Taxes and Fringe Benefits - These costs are associated with salaries and wages and will be allocated per the Agency's cost allocation method. These are estimated rates based on the Agency Cost Allocation Plan. Payroll taxes include employer share of FICA and Medicare, and Federal and State Unemployment Insurance. Fringe Benefits are compensation and allowances paid to employees other than direct salaries and wages. This includes leave time and other benefits described below.

- Holidays and Floating Holidays
- Other Leave – temporary military leave, jury duty, voting leave, bereavement, etc.
- Sick Leave
- Vacation
- Life Insurance
- Medical, Dental, and Vision Insurance
- Retirement
- Tuition Reimbursement
- Workers Compensation
- Other – This category is for any other minor fringe related costs and credits

Other calculated and allocated costs will be charged to the applicable allocation project consistent with the labor hours and expenses charged to that project. These include:

Computer Network Services – Interagency charges for support of the agency network, including software, web hosting, maintenance, and program expertise. Allocation methodology for these expenses is included in the Agency's Cost Allocation Plan.

Facilities Allocation – Rent for offices and meeting rooms, communications equipment use charges, and long distance phone charges. Allocation methodology for these expenses is included in the Agency's Cost Allocation Plan.

The following expenses will be charged to an allocation pool project when the expenses cannot easily be identified under any particular grant or if it is determined that the activity or expense supports multiple Transportation projects. If the expense can be identified as an expense of a particular grant project, that grant project will be charged and not the M&A Allocation Pool. The expenses will only be charged to an allocation pool project if the expenses are allocable according to State and federal regulations.

Consultants – Professional services provided to benefit the Department as a whole, advance a Transportation initiative supporting multiple projects, and/or support compliance with rules and regulations.

Legal – Department related expenses charged by external legal counsel that are not for any particular grant or where the issue under review is applicable to multiple Transportation projects, including future projects.

Contract Services – Payments for services for the Department as a whole where a contract has been signed.

Non-Overnight Travel – Department related travel that does not require an overnight stay. Reimbursement is at the state comptroller approved rate plus related expenses in accordance with state and NCTCOG policy.

Overnight Travel – Department related travel that requires overnight stay. Costs are reimbursed according to NCTCOG policy.

Meeting Expenses – Supplies and other costs supporting meeting activities. Costs for refreshments and meals will not be charged to any allocation pool projects.

Consumable Supplies – General office supplies and incidentals

Printing – Letter, transmittals, directories, newsletters and other mailings used for departmental business and activities supporting multiple transportation programs. Printing costs may be incurred through use of Agency walk-up and Xerox copiers.

Advertising – Advertising, public outreach, and public notice expenses for the department as a whole or that supports to multiple projects.

Maintenance & Repairs – Necessary maintenance and normal repair of department equipment not already allocated to the agency cost allocation plan.

Recruitment – Job advertisements, travel expenses, and other costs associated with recruitment for Transportation Department jobs and other Agency jobs supporting Transportation projects.

Employee Development – Training seminars and courses for management and administrative personnel, and training that benefits one or more transportation projects.

Communications – Data plan rates for electronic communication devices, fax charges, conference call fees, and other communications costs.

Postage – Mailings associated with Transportation Department management and administrative activities.

Subscriptions and Dues – Professional licensure dues and other professional and technical memberships and subscriptions.

Other – Miscellaneous expenditures that do not fit into one of the other accounts explained above.

Costs Requiring Pre-approval by Funding Partners

Transportation staff will seek approval from funding partners for costs requiring advance approval per federal and State guidelines and as required by grant requirements. If any pooled activities include expenditures that require advance approval from a funding partner under an active grant award, staff will seek approval to ensure authorization for the expense.

M&A Allocation Methodology

Labor hours and expenses determined appropriate to charge to the M&A Allocation Pool are recorded to an appropriate cost allocation project. There may be several projects used to categorize expenses within the allocation pool. All costs recorded to every project in the allocation pool will be allocated based on the following methodology:

1. Pooled costs will be allocated to all grant projects on an equitable basis regardless of any limits imposed by funding sources. Grant projects may be excluded from receiving allocated costs if the grant project is managed in a way that deems it inappropriate to receive M&A allocated costs based on the Allocated Activities described above. The determination of excluding a grant project from receiving M&A Allocated Costs should be made at the start of the Fiscal Year or the start of the grant project.
2. Transportation staff labor hours will be used to determine the proportionate amount of allocated costs for each grant project.
3. Costs will be allocated monthly after all Agency allocations have been posted. This includes, benefits, indirect expenses, rent, communications, network services, and other allocated costs. The cost allocation projects will be charged their proportion of Agency allocated charges for all applicable calculated and allocated costs.
4. Only grant projects that have Transportation labor hours during the month will be charged any costs from the M&A Allocation Pool.

Transportation grant projects may incur both direct charges and allocated costs from the allocation pool.