

State of Colorado



Bill Ritter, Jr.
Governor

Rich Gonzales
Executive Director

Jennifer Okes
Deputy Executive Director


David J. McDermott
State Controller

DPA

Department of Personnel
& Administration

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TO: All Department Controllers and Fiscal Officers

FROM: David J. McDermott
State Controller 

DATE: November 6, 2009

SUBJECT: ARRA Supplemental - Statewide Indirect Cost Allocation Plan Agreement

Attached is a signed copy of the negotiated agreement with the Federal government for a revision of the American Recovery and Reinvestment Act (ARRA) Supplemental Statewide Indirect Cost Allocation Plan (Supplemental – SWCAP), which was prepared based upon June 30, 2008, costs and a summary of allocated ARRA central oversight costs to state departments included in the agreement.

This agreement supersedes the prior agreement dated September 29th, 2009, it is issued as a result of the Office of Management and Budget memorandum M-10-03 (dated October 13, 2009) which provides a specific exception to 2 CFR Part 225 and allows states to include multiple years of ARRA administrative costs in the first year. Based on the DCA's letter, this revised agreement allows for charging ARRA administrative costs for the period beginning July 1, 2009 through June 30, 2012 in the current Fiscal Year 2009-10.

As a result of an earlier OMB memo (M-09-18 issued on May 11, 2009) my office prepared and negotiated a Supplemental SWCAP for oversight cost recovery from the American Recovery and Reinvestment Act (ARRA). The Division of Cost Allocations (DCA), in the Federal Department of Health and Human Services issued a set of Frequently Asked Questions on July 2, 2009, providing implementation guidance based on OMB's M-09-18 memo. According to the DCA, ARRA oversight costs may not be included in the regular SWCAP nor should they be included in the agencies normal Indirect Cost Rate Proposal (ICRP) or Public Assistance Cost Allocation Plan (PACAP). Therefore the Supplemental SWCAP and your supplemental ICRP or PACAP must be prepared and approved by the cognizant agency. Once an agency's supplemental ICRP or PACAP is approved, the agency shall begin recovering the Supplemental SWCAP allocated amount based on the attached negotiated agreement and your negotiated supplemental ICRP or PACAP. The State's recovery from ARRA grants may not exceed 0.5% of the total ARRA grants received by the State. Exceeding this statewide limit is not expected to be an issue and will be monitored at the statewide level. The 0.5% limit does not apply to individual grants or federal agencies.

Your department should prepare a supplemental Federal Indirect Cost Rate Proposal (ICRP) that is based on your Fiscal Year 2007-08 costs to establish an ARRA specific indirect cost rate to be used for the recovery from ARRA funds in the Fiscal Year 2009-10. The attached allocation represents an oversight cost estimate agreed to by the State of Colorado and the Federal Division of Cost Allocation, and you should not change or adjust it. Your department must prepare and submit a supplemental ICRP or PACAP by November 19, 2009, to your cognizant agency and the Office of the State Controller. Please refer to the FAQ published by DCA at <http://rates.psc.gov/fms/dca/ARRA.html> for additional information on preparing your ICRP or PACAP. The attached ARRA supplemental SWCAP agreement should be submitted to your cognizant federal agency as part of your department's Fiscal Year 2009-10 ICRP proposal submission.

The revised ARRA Supplemental SWCAP may also be required as an attachment to applications for federal grants. Please retain a copy of this agreement in your department's or institution's permanent file. This agreement is also available on our website at: http://www.colorado.gov/dpa/dfp/sco/reports/ARRA2012_S_SWCAP.pdf

The Fiscal Year 2010-11 Governor's Budget Request included a one-year allocation of costs based on the Supplemental SWCAP approved by DCA on September 29, 2009. The Office of State Planning and Budgeting will augment that request with a Fiscal Year 2009-10 supplemental request based on the attached Supplemental SWCAP approved on October 27, 2009, which allows recovery of the three-year estimate in one year. We will determine in the fall of 2010 whether the entire three-year allocation has been recovered or whether a Fiscal Year 2010-11 budget amendment will be necessary.

In addition, a Fiscal Year 2009-10 budget supplemental and a FY 2010-11 amendment will be coordinated by OSPB to correct the spending authority fund splits currently used by central service agencies funded with indirect cost recovery transfers, based on the first-year cost estimate in the Supplemental SWCAP. Additional coordination between the Office of the State Controller and the Office of State Planning and Budgeting must occur before direction can be provided to departments on the actions listed in this and the previous paragraph.

If you have any questions regarding the attached revised ARRA Supplemental SWCAP amount to be used in your supplemental indirect cost rate proposal (or PACAP) for the Fiscal Year 2009-10, the indirect cost rate proposal preparation and submission requirements, or the appropriate application of federal regulations, please contact Bhavna Punatar at 303-866-4344 or via e-mail: Bhavna.Punatar@state.co.us.

Thank you.

CC: Field Accounting Services Team
Reporting and Analysis Section



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

DCA Western Field Office
90 7th Street, Suite 4-600
San Francisco, CA 94103

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OFFICE OF THE
STATE CONTROLLER

David McDermott
State Controller
State of Colorado
Office of the State Controller
633 17th Street, Suite 1500
Denver, CO 80202

Dear Mr. McDermott:

By letter dated October 17, 2009, your office transmitted a revised amendment to the pending Statewide Cost Allocation Plan (SWCAP) for fiscal year ending (FYE) June 30, 2010, which supersedes the prior amendment that was approved on September 29, 2009. The revision is a result of the Office of Management and Budget Memorandum, dated October 13, 2009, which allows for specific exceptions to 2 CFR Part 225 (OMB Circular A-87), including allowing the States to include multiple year American Recovery and Reinvestment Act (ARRA) administrative costs in the current SWCAP. These ARRA administrative costs will be recouped as allocated services under Section I and billed services under Section II of the SWCAP Agreement.

Based on our review of your revised amendment, approval is granted to charge the estimated ARRA administrative costs for the period beginning July 1, 2009 through June 30, 2012, in the current fiscal year ending June 30, 2010. Upon our completion of the SWCAP review for FYE June 30, 2010, these costs will be included in the formal Agreement. A copy of the allocated central service costs is attached.

Due to the State proposing to charge ARRA administrative costs for multiple-years, there is a concern that there will be significant variances between the estimated costs and the actual allowable costs when the period ends on June 30, 2012. Therefore, the State agrees to include the actual ARRA administrative costs by central service for FYEs June 30, 2010 and June 30, 2011, as part of its respective SWCAP submissions. If there are material variances between the estimated and actual costs, we will determine if adjustments will be required at that time.

The allocations and billings for the services covered by this Agreement are subject to the following conditions:

A. Limitations: (1) Charges resulting from this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract or other agreement only to the extent that funds are available. (2) Such charges represent costs incurred by the State which are legal obligations of the State and are allowable under 2 CFR Part 225 (OMB Circular A-87). (3) The same costs that are treated as indirect costs are not claimed as direct costs. (4) Similar types of costs are accorded consistent accounting treatment. (5) The information provided by the State which was used to establish this agreement is not later found to be materially incomplete or inaccurate.

B. Accounting Changes: This Agreement is based on the accounting system purported by the state to be in effect during the agreement period. Changes to the methods of accounting for costs which affect the amount of reimbursement resulting from the use of this Agreement require prior approval of the authorized representative of the Cognizant Agency. Such changes include, but are not limited to, changes in the charging of cost from an allocated cost to a billed cost. Failure to obtain approval may result in cost disallowances.

C. Fixed Amounts: The fixed costs approved in the Attachment are based on an estimate of the costs for the period July 1, 2009 through June 30, 2012. When the actual costs for this period are determined, adjustments will be made to the amounts of a future year to compensate for the difference between the costs used to establish the fixed amounts and actual costs.

D. Billed Costs: Charges for the services listed in this Agreement will be billed in accordance with the rate established by the State. The rate will be based on the estimated cost of providing the service. Adjustments for variances between billed costs and the actual allowable costs of providing the services, as defined in 2 CFR Part 225 (OMB Circular A-87), will be made in accordance with procedures agreed to between the State and the Cognizant Agency.

E. Use by Other Federal Agencies: This Agreement was executed in accordance with the authority in 2 CFR Part 225 (OMB Circular A-87), and should be applied to grants, contracts and other agreements covered by that Circular, subject to any limitations in Paragraph A above. The State may provide copies of the Agreement to other Federal Agencies to give them early notification of this Agreement.

Please acknowledge your concurrence with the comments and conditions cited by signing this letter in the space provided below and return a copy to this office. If you have any questions, please contact Stanly Huynh of my staff at (415) 437-7829.

Sincerely,



Wallace Chan
Director

Attachment

Concurrence:

David J. McDermott
Name

State Controller - Colorado
Title

11-3-09
Date

STATE OF COLORADO
ARRA SUPPLEMENTAL STATEWIDE COST ALLOCATION PLAN
SUMMARY OF FIXED COSTS FOR FISCAL YEAR ENDING JUNE 30, 2010
(BASED ON ESTIMATES FOR THE PERIOD BEGINNING JULY 1, 2009 THROUGH JUNE 30, 2012)

Grantee Departments	CERAB	Executive Director	Office of the State Controller	Finance and Procurement	Human Resources Services	State Archives Services	Personnel Board
Corrections	\$1,228	\$149	\$732	\$0	\$47	\$11	\$11
Education	127,841	15,523	76,188	617,406	4,893	1,176	1,176
Governor's Office	144,232	17,513	85,957	0	5,520	1,327	1,327
Office of Economic Development	147	18	88	710	6	1	1
Energy Conserv	66,987	8,134	39,922	323,512	2,564	616	616
Health and Environ	35,803	4,347	21,337	0	1,370	329	329
CU-Regents	70,236	8,528	41,858	0	2,688	646	646
CSU-Systems	46,742	5,675	27,856	0	1,789	430	430
CCCS	35,543	4,316	21,182	0	1,360	327	327
Univ of No. Colo	12,516	1,520	7,459	0	479	115	115
Colo Sch of Mines	6,243	758	3,721	0	239	57	57
Ft Lewis College	5,589	679	3,331	0	214	51	51
Metro St College	13,957	1,695	8,318	0	534	128	128
Western State College	3,204	389	1,910	0	123	29	29
Adams St College	3,455	419	2,059	0	132	32	32
Mesa St College	5,784	702	3,447	0	221	53	53
Colo Dept Transp	335,488	40,736	199,939	0	12,840	3,086	3,086
Human Services	33,376	4,053	19,891	0	1,277	307	307
Judicial	1,559	189	929	0	60	14	14
Labor & Emplmnt	280,830	34,099	167,364	0	10,748	2,583	2,583
Local Affairs	9,209	1,118	5,488	44,476	352	85	85
Public Safety	13,714	1,665	8,173	0	525	126	126
Hlth Care & Fin	376,862	45,759	224,598	0	14,425	3,471	3,471
Non St Agencies	0	0	0	0	0	0	0
SubTotal	1,630,545	197,984	971,747	986,104	62,406	15,000	15,000
Direct Billed	0	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0	0
Total	\$1,630,545	\$197,984	\$971,747	\$986,104	\$62,406	\$15,000	\$15,000

STATE OF COLORADO
ARRA SUPPLEMENTAL STATEWIDE COST ALLOCATION PLAN
SUMMARY OF FIXED COSTS FOR FISCAL YEAR ENDING JUNE 30, 2010
(BASED ON ESTIMATES FOR THE PERIOD BEGINNING JULY 1, 2009 THROUGH JUNE 30, 2012)

Grantee Departments	State Planning & Budgeting	State Treasury	Bldg Depr	Total Allocated	Roll Forward	Adjustments	Fixed Costs
Corrections	\$357	\$136	\$6,366	\$9,037	\$0	\$0	\$9,037
Education	37,145	14,212	3,249	898,809	0	0	898,809
Governor's Office	41,908	16,034	20,010	333,828	0	0	333,828
Office of Economic Development	43	16	0	1,030	0	0	1,030
Energy Conserv	19,464	7,447	0	469,262	0	0	469,262
Health and Environ	10,403	3,980	1,629	79,527	0	0	79,527
CU-Regents	20,408	7,808	0	152,818	0	0	152,818
CSU-Systems	13,581	5,196	1,131	102,830	0	0	102,830
CCCS	10,327	3,951	0	77,333	0	0	77,333
Univ of No. Colo	3,637	1,391	0	27,232	0	0	27,232
Colo Sch of Mines	1,814	694	0	13,583	0	0	13,583
Ft Lewis College	1,624	621	0	12,160	0	0	12,160
Metro St College	4,055	1,552	0	30,367	0	0	30,367
Western State College	931	356	0	6,971	0	0	6,971
Adams St College	1,004	384	0	7,517	0	0	7,517
Mesa St College	1,681	643	0	12,584	0	0	12,584
Colo Dept Transp	97,479	37,295	8,070	738,019	0	0	738,019
Human Services	9,698	3,710	14,283	86,902	0	0	86,902
Judicial	453	173	0	3,391	0	0	3,391
Labor & Emplmnt	81,598	31,219	1,365	612,389	0	0	612,389
Local Affairs	2,676	1,024	10,659	75,172	0	0	75,172
Public Safety	3,985	1,525	41,257	71,096	0	0	71,096
Hlth Care & Fin	109,499	41,896	18,618	838,599	0	0	838,599
Non St Agencies	0	0	0	0	0	0	0
SubTotal	473,770	181,263	126,637	4,660,456	0	0	4,660,456
Direct Billed	0	0	0	0	0	0	0
Unallocated	0	0	0	0	0	0	0
Total	\$473,770	\$181,263	\$126,637	\$4,660,456	\$0	\$0	\$4,660,456