

<p style="text-align: center;">Nutrition Services Department of State Health Services</p>

Effective January 1, 2011

Policy No. AC:03.0

Plan to Allocate Direct Costs

Purpose

To provide a formal mechanism for the state agency (SA) to review and acknowledge cost categories, allocation methods, and supportive documentation necessary for costs to be reimbursed under the WIC contract attachment.

Authority

7 CFR Part 3016; OMB Circular A-87

Policy

A local agency (LA) shall submit a written annual Plan to Allocate Direct Costs (PADC) to the SA for all direct charges allocated to the WIC Program.

Procedures

- I. The plan shall be submitted to the SA by June 15th each year for the coming contract year. The plan shall be submitted electronically to gmb@dshs.state.tx.us.
- II. The plan shall include but is not limited to the following:
 - A. specific cost categories that shall be allocated;
 - B. the method or base used to allocate each specific cost;
 - C. the rate or percentage developed for each specific cost; and
 - D. a description of the documentation supporting the allocation.
(See reference materials for an example)
- III. The SA shall acknowledge receipt of the plan to allocate direct costs in writing.

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- IV. The LA shall submit amendments to the plan in writing as changes occur.
- V. The SA shall disallow requests for reimbursement of costs not included on the PADC.
- VI. A copy of the accepted PADC shall be available at the LA for purposes of an audit or fiscal monitoring review.
- VII. Personnel Costs: Timesheets are the only allowable support documentation for Personnel Costs including the distribution of the costs among Administration, Nutrition Education, and Breastfeeding. Each payroll classification and the number of full time equivalents (FTEs) to be allocated to WIC shall be listed separately on the plan. (Example: nurses (2), clerks (3.5), etc.)
- VIII. Personnel Benefits: Actual rates to be charged shall be specified for each specific benefit. (example: FICA, retirement, Workmans Comp, etc.)
- IX. Travel: Documentation includes travel requests, travel claims and the LA's written travel policy. If the LA has no official written policy, the current State travel rates and regulations shall be utilized.
- X. Outreach: The cost category of outreach refers only to materials and resources. Personnel compensation and travel costs associated with outreach shall be reported and identified under the appropriate categories.
- XI. Communication and Utilities: If communications and utilities are charged for different sites, each site shall be listed separately. Allocation of utilities is based on a building floor plan.
- XII. Building and Facilities Space Rental: The allocation for each site shall be identified separately and supported by individual floor plans.

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XIII. Other Expenses: Since the "other expense" category covers a variety of costs, each specific cost to be billed shall be identified on the PADC. Include the allocation method and the supporting documentation for each specific expense.