

## INSTRUCTIONS FOR COMPLETING ACTUAL ADMINISTRATIVE RATE CALCULATIONS

The information provided by your agency will be used to support the administrative rate applied to invoices for those incidents that your agency responds to under the terms and conditions of the California Fire Assistance Agreement (CFAA) and local cooperative fire agreements.

Administrative rate calculations must comply with these instructions and guidelines attached. This direction follows the principles and standards outlined in the Office of Management & Budget (OMB) Super Circular, Title 2 in the Code of Federal Regulations (2 CFR), Subtitle A, Chapter II, Part 225 (A-87) entitled “Cost Principles for State, Local and Indian Tribal Government.”

The direction was developed to standardize the administrative rate methodologies for cooperative fire agreements in California and between the local agencies. It is understood this methodology may be different than administrative rates/indirect cost rate plans developed for other business activities.

Attached documents include:

1. Indirect Cost Rate Plan Program(ICRP)/Function Definitions
2. Allowable and Unallowable Principles Chart
3. Actual Administrative Rate Calculation Template

Agencies that choose not to calculate a specific department rate under this methodology can use a standard indirect cost rate of 10%, for invoicing resources responding to incidents under the CFAA or local cooperative fire agreements.

If an agency provides their Actual Administrative Rate, they are **required** to update that rate annually on the Cal OES Actual Administrative Rate Calculation Sheet and provide to our office along with your agency’s salary survey. The update deadline date will be set by the CFAA Committee, and listed in the Annual Rate Letter. If agencies with an Actual Administrative Rate already on file do not update by the current deadline of July 1, 2016, the agency’s rate will default back to the default Administrative Rate of 10%.

Costs used to develop agency specific administrative rates on the Actual Administrative Rate Calculation sheet must be certified and signed by your agency’s authorized representative.

To develop your agency specific administrative rate use the attached documents to categorize allowable and unallowable costs and direct and indirect program costs. A template is provided for your use.

**Note:** Special care must be taken to ensure a function normally considered an indirect cost that has subsequently been utilized and billed directly to an incident is not included in the indirect rate calculation as an indirect cost. Because the resource has been billed directly to the incident, the costs associated for that resource for that incident are a direct cost. Similarly, costs that are normally part of a billable direct cost associated with a resource should not be included in the indirect cost pool (e.g. helicopter resources).

As an example, public information staff costs are normally considered an **indirect** cost. However, if a public information officer (PIO) is assigned to an incident and is billed to the incident, the costs billed to the incident are **direct** costs. These costs must be identifiable within the agency’s financial system to allow for the segregation of the PIO costs to **direct** and **indirect** cost pools (i.e. cost codes charged appropriately). This applies to all resources that are normally considered an indirect function but are also utilized on incidents and billed to the incident. Specific examples include but are not limited to general administration, emergency medical services, telecommunications, fiscal, human resources, information systems, logistics, procurement, supply, public information and fire equipment resources.

**The Indirect Cost Rate Plan (ICRP) that defines the various cost elements used in the development of the ICRP can be accessed at:**

<http://www.caloes.ca.gov/FireRescueSite/Documents/CalOES-2016%20ICRP%20Program%20Definitions.pdf>