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MEMORANDUM

To: Chief Fiscal Officers
From: Martin J. Benison, Comptroller
Date: January 8, 2009
Subject: Federal Approval of Allocated and Billed Costs for FY2009

Comptroller Memo FY#2009-19

Executive Summary

The attached negotiation agreement dated December 16, 2008 involving the FY2009 Statewide Cost Allocation Plan (SWCAP) reflects an understanding between the Commonwealth and Federal Government concerning Federal payment of state funded costs incurred on behalf of a Federal grant, contract, or federally reimbursed state appropriation. The accompanying schedule of approved central service allocations (Exhibit A) referred to under Section I of this agreement and the billed costs identified under Section II were negotiated with the government in accordance with OMB Circular A-87, Cost Principles for State and Local Governments.

FEDERAL REIMBURSEMENTS

Departments whose Federal funding is through reimbursement of state appropriations should compare the Section I allocated costs approved in this schedule with those costs used as the basis for claiming Federal financial participation (FFP) in FY2009. In almost all cases, Section I allocations identified for a department are further allocated to reimbursable expenditure accounts or programs through a departmental cost allocation plan. The difference in that portion of the departmental allocations attributable to Section I costs should be adjusted through current year claims.

With respect to Section II costs, departments should ensure that all eligible costs are claimed in full for reimbursement whether such costs are charged to the department's central administrative or reserve accounts, memo billed or paid on behalf of the department from the accounts of the department providing the service.

Departments whose Federal reimbursement is determined through service rates should follow the same procedures described above to identify the variance between the allocated costs used to

calculate the service rates in effect for claiming FFP in FY2009 and those costs approved under the attached schedule. Adjustments may also be made to prospective rates. Departments should consult with their rate setting authority for further instruction on amending rates.

FEDERAL GRANTS

Section I allocated costs will be assessed to Federal grants and special revenue trusts under the FY2011 departmental indirect cost rates developed by this office.

ASSESSMENTS AND FEES

The costs approved in this agreement should also be used for identifying the full costs of operating programs assessed to or reimbursed by non-Federal entities, or through fees based on the costs of the services provided. Please refer to [Executive Office of Administration and Finance Administrative Bulletin No. 6](#) with respect to the determination of allocated costs in calculating fees.

Any questions you may have regarding this matter should be directed to Fred DeMinico at (617) 973-2625

Enc. Negotiation Agreement
Exhibit A

cc: MMARS Liaisons
Payroll Directors
General Counsels
Internal Distribution