



ADMINISTRATIVE COST POLICY

Policy

It is the policy of First 5 Ventura County to consistently identify administrative costs following guidelines outlined in this policy, to annually review the established targeted cap on administrative costs as a percentage of total operating budget and to monitor actual administrative costs on an ongoing basis.

Guidelines

Administrative costs, as defined by the First 5 Financial Management Guide (March 2006), are costs incurred in support of the general management and administration of a First 5 commission, for a common or joint purpose that benefits more than one cost objective and/or those costs that are readily assignable to a specifically benefited cost objective. Program costs are costs incurred by the Commission that are readily assignable to a program or service provider and/or in the execution of direct service provision.

For the Commission, administrative costs include all services and supply costs not readily identifiable as costs of the Commission's evaluation or programmatic activities. Commission staff will adhere to the above definition in its budgeting, accounting, and financial reporting processes. Staff utilizes certain codes in its reporting processes to identify costs as program or administrative according to their nature. Operational costs will be allocated to cost centers on the basis of full-time equivalents (FTEs) except when there is information to determine a direct allocation of operating costs.

The Commission shall allocate in a responsible manner the funds necessary for the proper control and administration of the Commission's operations and activities. An annual budget will be adopted by the Commission.

Administrative costs will be monitored on an ongoing basis. Because of timing issues, comparisons between the actual percentage of administrative expenditures and the targeted cap based on budget will be reported at the close of the fiscal year. In the event that administrative expenditures exceed the targeted cap, the Executive Director will inform the Commission in open session. The Commission may increase or decrease the maximum allowable administration percentage based on changing fiscal or legislative circumstances.

This policy will be reviewed on an annual basis.