
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

STANDARD OPERATING PROCEDURES

SUBJECT: Central Service Cost Allocation Plan (CAP)
Indirect Cost Rate Proposal (IDC/ICRP)

EFFECTIVE DATE: November 8, 2019

The Bureau of Budget and Management Research (BBMR) prepares a Central Service Cost Allocation Plan (CAP) and Indirect Cost Rate Proposal (IDC/ICRP) for negotiation with the Federal Government utilizing OMB Circular A-87.

The CAP and IDC/ICRP are means by which costs are identified for reimbursement under federal grants and agreements.

○ **CENTRAL SERVICE COST ALLOCATION PLAN**

- A narrative description of the methods for which allowable administrative costs of support service units (central costs) are identified and allocated to the departments that benefit from the services
- Used to distribute the cost of supportive services provided by centralized departments to the operating departments conducting federal programs
- Identifies, accumulates, and distributes allowable central support costs to all benefiting departments
- Includes the description of each central service maintained in support of departments
- Includes the description of how each central service cost is allocated to each department
- Departments include:
 - Department of Administration (DOA)
 - Division of Accounts, Federal Grants Accounting, Treasurer's Office, General Services Agency, Human Resources
 - Office of Technology (OTECH)
 - Department of Public Works (DPW)
 - Building Maintenance Division
 - Bureau of Budget and Management Research (BBMR)
 - Civil Service Commission (CSC)
 - Government of Guam Retirement Fund (GGRF)
- Basis for Cost Distribution
 - Total Expenditures – DOA's Division of Accounts, Treasurer's Office, Data Processing

- Total Accounts Established – Federal Grants Accounting
 - Requisitions Processed – GSA
 - Number of Employees – DOA Human Resources, BBMR, CSC
 - Total Square Footage – DPW’s Building Maintenance Division
 - Number of Contributing Members – GGRF
- **INDIRECT COST RATE PROPOSAL (IDC/ICRP)**
- Establishes the procedure for determining what proportion of allowable administrative costs, including the allocated central service costs, each program within the organization should bear
 - Expressed as a rate and is the ratio between the indirect and administrative costs and selected direct cost base
 - As an example, FY2018 expenditures were utilized to prepare the proposed rates for FY2020 (Fixed carry forward rate)
 - The base in calculating the indirect cost rate includes direct salaries and wages; excludes fringe benefits
 - Indirect Cost Rates are prepared for the following departments:
 - Bureau of Statistics and Plans
 - Department of Agriculture
 - Department of Labor
 - Department of Military Affairs
 - Department of Parks and Recreation
 - Department of Public Health and Social Services
 - Department of Public Works
 - Department of Integrated Services for Persons with Disabilities
 - Department of Youth Affairs
 - Guam Council of the Arts and Humanities
 - Guam Behavioral Health and Wellness Center
 - Guam Energy Office
 - Guam Environmental Protection Agency
 - Guam Police Department
 - Guam Public Library System
 - Office of the Governor
 - Office of the Attorney General – Child Support
 - Office of the Attorney General – Crime Victims Assistance Program
 - Department of Revenue and Taxation

The CAP and IDC/ICRP are submitted to the National Business Center (NBC) (U.S. Department of Interior).

BBMR and NBC go through a negotiation (review process) for the acceptance of the proposed rates.

The indirect cost rate is used in budgeting for indirect costs.

Approved rates are used by the Department of Administration to charge indirect costs to the Federal grants.

IDC rates will be accepted by all federal agencies unless prohibited specifically by statute, meaning an entity can use the negotiated rate to take on new programs/grants from all federal agencies.

NOTE: This SOP is subject to change by the Bureau of Budget & Management Research