

## Budget Checklist

Agreement # \_\_\_\_\_

**All costs or line items must be reasonable and necessary.**

**Check the Allowable & Unallowable lists to see if items are permissible.**

<b>Summary Page</b>
Is the contractor's name & mailing address correct?
Is the contract number correct?
Is the contract dollar amount correct?
Is the budget period correct?
If a budget will be used for more than one year, leave the Budget Period box blank.
<b>Salaries &amp; Wages</b>
Is the Cost allocation method provided on the top of each line item page?
Are the Mgt/Administrative positions are listed on the first page?
Are the Direct Service positions listed on the 2 <sup>nd</sup> page and subsequent pages?
What is the total number of FTEs? How many are Direct Service, and how many are Mgt/Admin? Must calculate this amount. <b>See attached example sheet how to calculate FTEs.</b>
Are number of FTEs reasonable for the amount of work to be performed? <b>See attached example sheet how to assess the reasonableness of the FTEs.</b>
<b>Fringe Benefits</b>
Is the Cost allocation method provided on the top of each line item page?
Do all required fringes have costs listed?
Is the DHS % of fringe benefits equal to or less than the DHS % of total salaries?
Is the base wage for unemployment \$9,500 maximum per employee? <b>See attached example sheet how to calculate the unemployment base wage.</b>
Are optional fringe benefits calculated separately (Retirement, Health Insurance, Life Insurance, & LTD)?
Is the number of FTEs for fringe benefits equal to or less than the number of FTEs listed in Salaries?
<b>Occupancy</b>
Is the Cost allocation method provided on the top of each line item page?
Can only use one of the following to list occupancy costs:
1) Rent Paid
Is the rent amount realistic per square foot? Is the number of months charged correct? \$1.00 to \$2.00 per sf per month is average.
Is the program square feet per employee sensible? 100-150 sf/employee is reasonable
2) Depreciation
Is the depreciation computed using the straight line method, with 40 years as the basis?
3) Use Charge
Does the use charge exceed 2% per year?
Are the utilities itemized & reasonable?

	<b>Communication</b>
	Is the Cost allocation method provided on the top of each line item page?
	Are the number of total program lines and phones equal to or less than the number of employees?
	Are all the other costs reasonable, and is the number of months charged correct?
	<b>Supplies</b>
	Is the Cost allocation method provided on the top of each line item page?
	Are general supplies reasonable? Is the number of months charged correct? \$50-\$100/month/FTE is reasonable
	Are program supplies needed/necessary to perform required task?
	Are non consumable supplies needed/necessary to perform required task?
	The purchase of computers, printers, and IT equipment is only allowed once during the term of the contract.
	Supplies of any type should be limited to a quantity that can reasonably be used during the contract period.
	<b>Equipment</b>
	Is the Cost allocation method provided on the top of each line item page?
	Is equipment rent paid reasonable, and is the number of months charged correct?
	Is depreciation computed using the straight line method? 7 years is used to depreciate equipment.
	Does the use charge exceed the 6 2/3% annual limitation? The 6 2/3% allows for the life of the equipment to be 15 years. (15 years * 6.66% = 100% use of equipment value)
	Can use either Depreciation or Use Charge to capture equipment costs, but not both.
	<b>Transportation</b>
	Is the Cost allocation method provided on the top of each line item page?
	Is the travel necessary and at, or below, State allowed mileage reimbursement rates?
	Is the amount of travel reasonable for the amount of Direct Service FTEs listed in Salaries?
	<b>See attached example sheet how to calculate the reasonableness of the travel.</b>
	If lodging and meals are included, are they related to the services and required by the contract? Are they at or below State allowed reimbursement rates?
	If mileage is being charged, do not allow actual vehicle costs to be charged for the same vehicle. Actual vehicle cost reimbursements are to be listed at the bottom of the page under Other.
	No out of state travel or costs are allowed.
	<b>Contract Services</b>
	Is the Cost allocation method provided on the top of each line item page?
	Is it clear what services each subcontractor is supplying?
	Subcontractor budgets must be included if they are over \$2,500. Use the CM-469 budget for all subcontractor budgets.
	<b>Specific Assistance</b>
	Is the Cost allocation method provided on the top of each line item page?
	Is specific assistance required in the contract, and limited to an average of \$500 per family?
	<b>Miscellaneous</b>
	Is the Cost allocation method provided on the top of each line item page?
	Are the items listed logical, reasonable, allowable, and necessary to carry out the service?
	If an indirect rate is used, Has the federal audit letter or other supporting documentation been provided by the Contractor?
	<b>Comment Page</b>
	Use this page to add detail that may not fit on the individual line item pages.
	Example: If purchasing computers, printers, chairs, etc., explain here that it is a one time purchase.

## How to Calculate DHS % of Salaries:

### Examples:

1)	Total Program Salaries =	\$70,000	}	\$45,000/\$70,000 = 64%
	DHS Contract Portion =	\$45,000		

The DHS portion of Total Salaries is 64%. This means no fringe benefit can have a DHS % higher than 64%. The fringe benefits could have a lower DHS % than 64%.

2)	Total Program Salaries =	\$120,000	}	\$110,000/\$120,000 = 92%
	DHS Contract Portion =	\$110,000		

The DHS portion of Total Salaries is 92%. This means no fringe benefit can have a DHS % higher than 92%. The fringe benefits could have a lower DHS % than 92%.

## How to calculate FTEs: The Full Time Employee

Weeks worked per year = 52	}	This equals a Full Time Employee
Hours worked per week = 40		

- If the company's policy determining an FTE is something different, such as 37 hours per week, accept that as a full time employee.

### Examples

- 1) Person works 52 wks per year, 40 hours per week.  
 $(52/52) = 1.0$                        $(40/40) = 1.0$   
 $1.0 * 1.0 = 1.0$  FTE                      This = 1.0 FTE
- 2) Person works 48 wks per year, 40 hours per week.  
 $(48/52) = .92$                        $(40/40) = 1.0$   
 $.92 * 1.0 = .92$  FTE                      This = .92 FTE
- 3) Person works 48 wks per year, 30 hours per week.  
 $(48/52) = .92$                        $(30/40) = .75$   
 $.92 * .75 = .69$  FTE                      This = .69 FTE

## How to assess the reasonableness of the FTEs

Determine the estimated number of hours needed to do the work.

- 1) Multiply the number of units of service delivered, by the amount of time it takes to perform one unit.

### Example:

- 1) One hour of face to face contact = one unit.  
1,900 estimated number of units to be provided annually  
 $1 \text{ hour} * 1,900 \text{ units} = 1,900 \text{ hours needed \# of service hours.}$

Compare the needed # of service hours to the # of direct service hours to be provided.

- With 2,080 total hours per FTE per year, and an estimated 1600 actual work hours per FTE per year, ask the question:
  - Can a single FTE in this example work 1,900 hours per year, which is what is needed to produce 1,900 units of service? (No – only have 1600 actual work hours per year)

**How to calculate Unemployment Wage Base:**

The State reimburses vendors for unemployment costs they incur while performing State work. This reimbursement starts with the first dollar paid to each employee, and is capped when each employee reaches \$9,500 in salaries.

**Special Note:** The \$9,500 cap includes any salary for which the vendor receives reimbursement, for that employee, from all contracts, not just DHS contracts.

**Examples:**

	Annual Salary	Amount of Salary Eligible for Unemployment Reimbursement	
Employee #1	\$ 930	\$ 930	
Employee #2	\$ 675	\$ 675	
Employee #3	\$27,750	\$ 9,500	
Employee #4	\$14,625	\$ 9,500	
Employee #5	\$ 9,200	\$ 9,200	
Employee #6	<u>\$10,000</u>	<u>\$ 9,500</u>	
	\$63,180	\$39,305*	This goes on the Fringe Benefits page, under Unemployment base wage (column #3)
			*This is a maximum amount

**How to Assess the Reasonableness of Travel**

**Examples:**

- 1) 35,000 miles are listed on the Transportation sheet as the expected miles to be driven  
1.5 Direct Service FTEs are listed on the Salaries sheet  
  
 $35,000 / 1.5 \text{ Direct Service FTEs} = 23,333 \text{ miles driven per Direct Service FTE}$   
 $23,333 \text{ miles} / 40 \text{ miles per hour (average driving speed)} = 583 \text{ hours driven each year per Direct Service FTE}$ 
  - With 2,080 total hours per FTE per year, and an estimated 1600 actual work hours per FTE per year, ask the question:  
  
Can a FTE in this example drive 583 hours per year, and still have time to perform the actual direct work? (It depends on the number of units to be provided, and how much time they will take)
  
- 2) 48,000 miles are listed on the Transportation sheet as the expected miles to be driven  
.75 Direct Service FTEs are listed on the Salaries sheet  
  
 $48,000 / .75 \text{ Direct Service FTEs} = 64,000 \text{ miles driven per Direct Service FTE}$   
 $64,000 \text{ miles} / 40 \text{ miles per hour (average driving speed)} = 1,600 \text{ hours driven each year per Direct FTE}$ 
  - With 2,080 total hours per FTE per year, and an estimated 1,600 actual work hours per FTE per year, ask the question:  
  
Can a FTE in this example drive 1,600 hours per year, and still have time to perform the actual direct work? (Probably not)