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# Fiscal Year 2020 Cost Allocation Plan

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July 1, 2019 – June 30, 2020

Prepared by:  
Executive Staff of  
Northwest Louisiana Council of Governments  
625 Texas Street, Suite 200  
Shreveport, Louisiana 71101  
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Board of Directors  
Northwest Louisiana Council of Governments, Inc  
625 Texas Street, Suite 200  
Shreveport, Louisiana 71101

Dear Board Members:

I am pleased to submit the proposed Fiscal Year 2020 Indirect Cost Allocation Plan for the Northwest Louisiana Council of Governments for review and approval by the Board of Directors of NLCOG. The executive staff has developed the Indirect Cost rate Proposal in accordance with the OMB Federal Register, 2 CFR Chapter 1 and Chapter II, Part 200 Appendix VII. The document substantiates the agency's request for the establishment of an indirect cost rate of 1.27 and is submitted to the cognizant agency, the Louisiana Department of Transportation and Development.

This proposal is based on an average of the expenditures for the audited fiscal years of 2016, 2017, 2018. Attached is the Computation of Indirect Cost Rate for each of the audit reports noted above. The general methodology for calculation of fiscal year indirect rates is equal to the indirect cost divided by the direct cost (indirect/direct).

Sincerely,

A handwritten signature in blue ink, appearing to read "J. H. Rogers", is written over a horizontal line. The signature is fluid and cursive.

Executive Director  
Northwest Louisiana Council of Governments



## Introduction

The office of Management and Budget defines indirect costs as “those costs that have been incurred for common or joint purposes that benefit more than one cost objective and cannot be readily identified with a particular objective without effort disproportionate to the results achieved.” These costs are incurred by and originate in the agency carrying out the Federal Award and remain after direct costs have been determined and assigned directly to Federal awards and other activities as appropriate. Indirect Costs are typically charged to Federal awards by the use of an indirect cost rate. The indirect cost rate is a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

## Methodology

The method by which an agency creates an indirect cost rate is by developing an indirect cost rate proposal. The proposal document substantiates the agency’s request for the establishment of an indirect cost rate and, when required, is submitted to the cognizant agency for review and/or approval. The Northwest Louisiana Council of Governments (NLCOG) has developed its Indirect Cost rate Proposal in accordance with the OMB Federal Register, 2 CFR Chapter 1 and Chapter II, Part 200 Appendix VII.

## Organizational Background

The Northwest Louisiana Council of Governments was established in 1996 as the Caddo-Bossier Council of Local Governments for the purpose and duty to make studies, maps, plans, recommendations, and reports concerning the physical, environmental, social, economic and governmental characteristics and other aspects which affect the development and welfare of the area as a whole and to act as the Metropolitan Planning Organization (MPO) for the metropolitan area. In January of 2015 the Council was incorporated as the Northwest Louisiana Council of Governments, Inc and retained the purpose and duties.

Operationally NLCOG is a freestanding independent agency meeting all of its own operating needs. The agency is funded through federal and state grants along with local matching funds. It does not have any central service cost units (purchasing dept., accounting dept., etc.), nor receive central service benefits from any external agency. The main business or function of the organization is Regional Planning. All indirect costs benefit this function to the same degree. As a result, the agency has created an indirect rate to distribute indirect costs to federal and state awards. The NLCOG functions as one unit utilizing a flat organizational structure. The agency currently has 10 positions with 9 employees, 8 of which are direct salaried, 1 indirect salary and an open indirect hourly wage position.

## Indirect Cost Rate Proposal

NLCOG is hereby formally requesting the use of an indirect cost rate of 1.27. This proposal is based on an average of the expenditures for the audited fiscal years of 2016, 2017, and 2018. Attached are the Computation of Indirect Cost Rate for each of the audit reports noted above. The general methodology for calculation of fiscal year indirect rates is equal to the indirect cost divided by the direct cost (indirect/direct).

## Direct Cost

The direct cost is based on the salaries and wages for employees whose time is directly charged to a specific task as outlined in the Unified Planning Work Program. Each employee's timesheet is the tool used for identifying the direct hours worked on each task. The total amount charged to the task is determined by each employee's chargeable rate.

## Indirect Cost

The indirect cost is based on the cost of employee benefits, employment taxes and allowable overhead expenses. The benefits available to all employees of NLCOG include Retirement, Medical, Dental, and Life Insurance, annual and sick leave, and paid holiday leave. Employment Taxes paid by NLCOG include Unemployment, Workers Compensation, and FICA. The overhead expenses refer to the ongoing operating cost of the NLCOG. The major items included in the overhead category include Building Rent/Parking, computer software, professional services, office systems, supplies, travel and professional development, and communication services (phones).

## Attachments and References

### Attachments

Computation of Indirect Cost Rate for the Year Ended June 30, 2018

Computation of Indirect Cost Rate for the Year Ended June 30, 2017

Computation of Indirect Cost Rate for the Year Ended June 30, 2016

DOTD Audit Advisory Memorandum No. 180477

### References

[Northwest Louisiana Council of Governments Audit Report for Fiscal Year 2018](#)

[Northwest Louisiana Council of Governments Audit Report for Fiscal Year 2017](#)

[Northwest Louisiana Council of Governments Audit Report for Fiscal Year 2016](#)

## Certificate of Indirect Costs

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

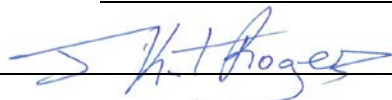
(1) All costs included in this proposal dated June 14, 2019 to establish billing of indirect costs rates for Fiscal Year 2020 (July 1, 2019 – June 30, 2020) are allowable in accordance with the requirements of the Federal award(s) to which they apply and the provisions of this Part. Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost proposal.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit: **Northwest Louisiana Council of Governments**

Signature: \_\_\_\_\_



Name of Official: **J. Kent Rogers**

Title: **Executive Director**

Date: **June 14, 2019**

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

COMPUTATION OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 2018

Indirect costs:

Advertising	5,664
Bonding and insurance	4,240
Building rent	54,836
Depreciation	7,621
Dues and publications	5,105
Health insurance	116,935
Holidays	39,335
Payroll taxes	9,188
Postage	508
Professional fees	36,431
Retirement	55,940
Salaries	50,543
Sick leave	23,881
Small equipment purchases and maintenance	63,001
Supplies	10,873
Telephone	10,222
Education and training	14,074
Travel	9,283
Vacations	51,532
Workman's comp insurance	1,008
Service charge	<u>1,274</u>
 Total indirect costs	 <u>571,494</u>

	<u>Direct Labor</u>	<u>Actual Indirect Costs</u>	<u>Actual Indirect Rate</u>
FHWA H.972275.1	302,570	378,638	
FTA PL80-09-18	63,151	79,027	
FHWA H.003915 ICC	10,226	12,797	
FHWA H.009213 3132 Enviro	8,097	10,133	
H.972059 Long Range Plan	4,463	5,585	
H.972172 Regional Safety Coalition	61,329	76,747	
H.012426 Thoroughfare	<u>6,846</u>	<u>8,567</u>	
	<u>456,682</u>	<u>571,494</u>	<u>125.1405%</u>



NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

COMPUTATION OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 2017

Indirect costs:

Advertising	4,775
Bonding and insurance	3,899
Building rent	52,249
Depreciation	6,917
Dues and publications	4,705
Health insurance	109,730
Holidays	38,835
Payroll taxes	9,116
Postage	791
Professional fees	33,605
Retirement	54,484
Salaries	55,771
Sick leave	23,260
Small equipment purchases and maintenance	71,940
Supplies	12,385
Telephone	11,870
Education and training	12,714
Travel	13,388
Vacations	46,024
Workman's comp insurance	864
Service charge	<u>1,157</u>
 Total indirect costs	 <u>568,479</u>

	<u>Direct Labor</u>	<u>Actual Indirect Cost</u>	<u>Actual Indirect Rate</u>
FHWA H.972163.1	293,220	373,726	
FTA LA 80-0024	63,380	80,781	
Shreveport Transit Authority	1,816	2,315	
FHWA H.003915 ICC	9,966	12,702	
FHWA H.009213 3132 Enviro	7,584	9,666	
H.972059 Long Range Plan	1,547	1,972	
H.972172 Regional Safety Coalition	62,202	79,280	
Thoroughfare	<u>6,306</u>	<u>8,037</u>	
	<u>446,021</u>	<u>568,479</u>	<u>127.4557%</u>

NORTHWEST LOUISIANA COUNCIL OF GOVERNMENTS

COMPUTATION OF INDIRECT COST RATE

FOR THE YEAR ENDED JUNE 30, 2016

Indirect costs:

Advertising	3,384
Bonding and insurance	4,076
Building rent	49,925
Depreciation	7,681
Dues and publications	2,215
Health insurance	108,530
Holidays	34,414
Payroll taxes	9,294
Postage	1,591
Professional fees	39,638
Retirement	51,163
Salaries	55,529
Sick leave	22,448
Small equipment purchases and maintenance	58,369
Supplies	14,446
Telephone	11,718
Education and training	29,535
Travel	8,029
Vacations	44,946
Workman's comp insurance	844
Service charge	<u>1,093</u>

Total indirect costs	<u>558,868</u>
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	Direct Labor	Actual Indirect Cost	Actual Indirect Rate
FHWA H.972163.1	254,186	327,768	
FTA LA 80-0024	60,648	78,205	
Shreveport Transit Authority	9,241	11,916	
FHWA H.003915 ICC	15,270	19,690	
FHWA H.009213 3132 Enviro	12,527	16,153	
H.972059 Long Range Plan	23,016	29,679	
H.972172 Regional Safety Coalition	<u>58,517</u>	<u>75,457</u>	
	<u>433,405</u>	<u>558,868</u>	<u>128.95%</u>



June 6, 2018

**Audit Advisory Memorandum No. 180477**

Northwest Louisiana Council of Government  
401 Market Street, Suite 460  
Shreveport, LA 71101

Attn: J. Kent Rogers  
Executive Director

Re: Indirect Cost Rate Proposals for FYE June 30, 2018 and June 30, 2019  
Prepared by: Northwest Louisiana Council of Government (Council)

We have reviewed the above referenced indirect cost rate proposals requesting approval of the rates of 156% for FY 2018 and 142% for FY 2019. Although most Metropolitan Planning Organizations apply an annual previously experienced rate as the basis for calculation, we found that the Council essentially used a three-year average (rounded) as the basis for its indirect cost rate calculations.

Based on our review, we find the following rates (3-year rounded average) are acceptable for use by the Louisiana Department of Transportation and Development:

FYE 6/30/	Actual Rate (Experienced)	3-Year Average	3-Year Average (Rounded)	Applicable Period
2013	159.03%			
2014	163.52%			
2015	168.94%	163.83%	<b>164%</b>	<b>2017</b>
2016	128.91%	153.79%	<b>154%<sup>1</sup></b>	<b>2018</b>
2017	127.46%	141.77%	<b>142%</b>	<b>2019</b>

Sincerely,

Mark St. Cyr  
Audit Director

MWS/LAC/ch

c: Connie Guidroz  
Michelle Horne  
Michael Gorbaty

<sup>1</sup> Due to the use of an incorrect methodology, the proposed rate for FY 2018 (156%) was not accepted.