



AGENDA ITEM 3
OCTOBER 24, 2012

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Subject	Administrative Costs Policy
Recommendations	<p>Rescind approval of Amendment A2 to CFC 06-01 Administrative Costs Policy and approve revised Amendment A2 to provide that administrative costs are monitored and guidelines are established to report to the Commission. (Affected Districts: All) (Presenter: Debora Dickerson-Sims, Administrative Supervisor, 387-1505)</p>
Background Information	<p>The Commission approved Amendment A2 at the June 20, 2012 Commission Meeting. The approved item contains an error. Therefore, the Commission should rescind its approval of the incorrect amendment and approve the corrected Amendment A2 to implement the intended policy change.</p> <p>The purpose of the F5SB Administrative Costs policy is to ensure clarity regarding administrative costs. This policy is based on the administrative costs definition as established by the Government Finance Officers Association (GFOA) and ensures that a level of administrative expenditures is transparent, receives appropriate discussion in a public setting and receives approval by the Commission. The original Strategic Plan called for a 9 percent limitation on administrative expenditures and F5SB has always maintained its administrative costs under 9 percent according to the approved operating budget. This policy also establishes procedures to monitor the Commission's administrative expenditures and report any significant variance.</p> <p>On December 7, 2011 CFC 06-01 A1 was approved by the Commission to add a maximum cap of 12% of administrative costs to actual expenditures. After further review it was determined that placing a cap on administrative to actual expenditures would fluctuate and exceed the cap of 12% due to the varied expenditures by contracted agencies. F5SB recommends amending Administrative Costs Policy 06-01 A1 to the original policy 06-01 in which the maximum percentage of administrative costs for F5SB will remain 9 percent of the approved operating budget for the fiscal year. The administrative percentage will be monitored quarterly by the Commission's fiscal staff and reported to the Executive Director. The Executive Director shall report to the Commission on an annual basis the administrative cost and the Commission will determine if action is needed.</p> <p>Pending Commission approval, this amendment will accurately monitor the Commission's operations and fiscal activities.</p>
Financial Impact	None
Review	Regina Coleman, Commission Counsel

Report on Action as taken
Action:
Moved: _____ Second: _____
In Favor:
Opposed:
Abstained:
Comments: _____
Witnessed: