



Number	06-01 A3
Effective	04-06-16
Page	1 of 2

Administrative Costs Policy

Approved:



Chair

PURPOSE

It is the purpose and intent of First 5 San Bernardino to establish a policy that limits the percentage of First 5 San Bernardino’s operating budget that may be spent on administrative functions; to define the Commission’s administrative costs in accordance with the California First 5 Commission’s guidelines; and to establish procedures to monitor the Commission’s administrative expenditures and to report any significant variances.

POLICY

It is the policy of First 5 San Bernardino to consistently identify administrative costs following guidelines outlined in this policy and monitor the actual administrative costs as a percentage of total operating budget.

GUIDELINES

First 5 San Bernardino shall allocate in a responsible manner the funds necessary for the proper control and administration of the Commission’s operations and activities. The maximum percentage of administrative costs for First 5 San Bernardino will be **15%** of the annual operating budget for the fiscal year, which is calculated based on the total administrative costs (as defined below) for the fiscal year, divided by the total annual operating budget.

Administrative costs, as defined by the First 5 Financial Management Guide Chapter 6 issued 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.

For First 5 San Bernardino, administrative costs include the Commission’s labor and benefits costs, and all services and supplies costs not readily identifiable as costs of the Commission’s evaluation or programmatic activities. First 5 San Bernardino 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, administrative, and evaluation according to their nature.

continued on next page

ADMINISTRATIVE COSTS POLICY	Number	06-01
	Page	<u>2</u> of <u>2</u>

continued from previous page

**GUIDELINES
CONT'D**

The percentage of administrative costs will be monitored quarterly by the Commission's fiscal staff and reported to the Executive Director. In the event that administrative expenditures exceed **15%** of the operating budget, the Executive Director will inform the Commission in open session. The Commission will review the administrative costs and determine appropriate action. The Commission may increase or decrease the maximum allowable administration percentage based on changing fiscal or legislative circumstances.

On an annual basis, the First 5 staff will review this policy, including the definition of administrative costs and the maximum rate of those costs.
