



## State Coastal Conservancy Budget Guidelines for Agencies and Academic Institutions

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Public agencies and academic institutions that receive funds from the Coastal Conservancy are required (in the agreement) to meet strict accounting standards. **Organizations that fail to do so may be liable for repayment of funds.** It is the responsibility of the agency or institution to ensure that their accounting practices are adequate, in accordance with the guidelines of “Generally Accepted Accounting Principles” (“GAAP”) published by the American Institute of Certified Public Accountants. All recipients of Conservancy funds should expect to be audited by the State.

The Conservancy developed this document to provide guidance for public agencies and academic institutions on the Coastal Conservancy’s policy regarding budgets and indirect costs. The Coastal Conservancy requires grantees and contractors to provide a detailed budget and work plan for each project. These guidelines apply to both grants and interagency agreements. It is the responsibility of the agency or institution to be sure that the budget and all subsequent billings are justified and documented appropriately.

### **Labor Costs**

**Project Implementation** – Employee labor implementing a project will be reimbursed at rates equal to compensation actually provided to the employee (salary plus benefits, including fringe benefits). The project budget should break out all labor costs to show the number of hours and rate per employee category (for example, project manager or scientist). The cost of labor/staff time to implement specific project tasks (for example, prepare a management plan, determine trail alignments) should be included in and billed to specific tasks in the budget.

**Project Management** - A work program may include a task called “Project Management” (please use this term). This task should cover labor costs, not otherwise billed, that are associated with administering a specific Conservancy grant or contract (for example, managing contracts, paying consultants, billing, maintaining accounting records, and other time spent on managing the project).

### **“Overhead” or “Indirect Costs”**

Overhead or indirect costs are the non-project specific costs of doing business (for example, rent, computers, telephones, office supplies, internet access, copy machines, electricity). Certain types of indirect costs may NOT be charged to the Conservancy, including fundraising, lobbying and entertainment. Any cost that is billed as a direct cost may NOT be included in overhead.

“Overhead” and “indirect costs” are both acceptable terms that represent the same category of costs. If an agency or institution seeks to recover overhead costs from a Conservancy grant, overhead should be included as a line item in the approved project budget.

**The Conservancy limits overhead recovery to a maximum of 15% of a grant.**

Entities that wish to charge overhead to a Conservancy grant must be able to document the appropriateness of these charges. One typical method for documentation is to have a Cost

Allocation Plan. Other methods may also be adequate, but it is the agency/institution's responsibility to determine this based on the guidelines of GAAP. It is recommended that agency/institution's develop an appropriate method for calculating their overhead rate and determine what overhead costs may be allocated to a grant, subject to the Conservancy's approval and the 15% limit. It is the responsibility of the agency/institution's to maintain appropriate records for all overhead costs.

If (and only if) the Conservancy is passing through federal grant funds to a grantee that has an approved Federal Indirect Cost Rate, the Conservancy will pay that rate with the federal funds. Grantees should provide a copy of the approved Federal Indirect Cost Rate with the work program.

### **Other Direct Costs**

Direct costs should be billed at cost.

**Project Supplies and Services** - Project-specific supplies and services (for example, printing, copying, long-distance calls, publications, maps, technical surveys, pre-fabricated bridge structures, bicycle racks, benches) may be billed if these costs appear in the approved work plan and budget. Receipts or other documentation will be required. Generally, Conservancy funds may not be used to purchase equipment, such as furniture, computers, phones, etc. If a piece of equipment is directly related to carrying out a grant's purposes, it may be purchased as a grant expense. ***Check with your Conservancy project manager before you purchase*** any equipment to ensure that it is appropriate under the grant agreement.

### **Personal Equipment**

Personal equipment such as rubber boots and sunscreen may be approved as part of the work program. If the supplies outlast the grant term, the grantee shall commit to using the supplies to support project purposes for the useful life of the supplies.

### **Paying for Food**

If a grant is funded with bond funds, the Conservancy will not pay for food other than approved travel expenses (see below). If a grant is *not bond-funded* and food *is essential* to the success of the project, it is an allowable direct expense. Examples of projects where it would be appropriate to approve food purchase would include an Explore the Coast grant where the project takes children on an all day field trip and provides the participants with lunch.

**Travel** – Essential project-related travel expenses will be reimbursed at cost up to the limits allowed by the State's [Travel Guidelines](#). The budget should describe the necessary trips and travel costs within this category. The State's Travel Guidelines have strict limits on reimbursement for mileage, hotels, and meals among other costs. Grantees and contractors must review these guidelines and use the state's travel reimbursement form when billing for travel costs. Receipts will be required.

For the University of California, the Conservancy will reimburse actual travel expenses in accordance with the grantee's travel policy in effect as of the date the cost is incurred.

Grantees and consultants may be reimbursed for use/rental of special equipment (trucks, boats, etc.) if it is needed for the project, included in the approved budget, and documented.

**Contractors and Subcontractors** - Contractors to a nonprofit (and their subs) must be approved as part of the workplan and budget. Invoices from contractors should be included as backup documentation in grantee invoices and the invoice must either have the contractor's letterhead or a signature. For-profit contractors working for a nonprofit organization may include mark-ups in their billing as long as their rates and overall budget has been approved.

### **REFERENCES**

Natural Resource Agency's Bond Accountability and Audit Guide:

[http://www.resources.ca.gov/bond/Bond\\_Accountability\\_and\\_Audits.pdf](http://www.resources.ca.gov/bond/Bond_Accountability_and_Audits.pdf)

### **DEFINITIONS**

Fringe Benefits are all employer paid benefits and include things like healthcare benefits, cafeteria plans, gym subsidies, transit reimbursement, and educational subsidies. The IRS definition of fringe benefits is here:

[http://www.irs.gov/publications/p15b/ar02.html#en\\_US\\_2013\\_publink1000193623](http://www.irs.gov/publications/p15b/ar02.html#en_US_2013_publink1000193623).

Overhead or indirect costs are costs that cannot be readily and specifically identified with or attributed to a specific project and include costs of doing business (for example, rent, computers, telephones, office supplies, internet access, copy machines, electricity).

Cost Allocation Plan is a formal accounting plan used to calculate and document the method for recovering overhead costs.