

## GATEWAY WATER MANAGEMENT AUTHORITY POLICY AND PROCEDURES

### Collection and Use of Direct and Indirect Administrative Fees

The purpose of this policy is to identify Direct Administrative Costs and Indirect Administrative Costs to be assessed to GWMA members and/or GWMA non-members. Allocating Direct and Indirect Costs provides sound fiscal management by distributing the costs incurred by the GWMA for specific work under agreements and MOUs with members and non-GWMA members. The Government Finance Officers Association (GFOA) encourages governments to allocate their direct and indirect costs through their Best Practices and Advisories.

#### **DIRECT ADMINISTRATIVE COSTS**

Direct Administrative Costs are costs that are directly attributed to a watershed, grant, program or other activity outside of general membership-related responsibilities.

Direct Administrative Costs will include:

- Direct Administrative Staff Costs
- Direct Legal Costs

#### **INDIRECT ADMINISTRATIVE COSTS**

Indirect Administrative Costs represent the expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operations of the organization and the conduct of activities.

Indirect expenses, also called “overhead,” “administrative,” or “general operating” expenses, are essential to all of the organization’s programs yet difficult to attribute directly to individual programs.

Indirect Costs will include:

- Professional Services (excluding direct costs associated with MOUs/Grants/Programs)
- Legal Services (excluding direct costs associated with MOUs/Grants/Programs)
- Office Rent
- Annual Audit
- Office Expenses (includes supplies, postage, printing costs, equipment)
- Web Services
- Outside Accounting Services

- Government Relations
- General Liability and Crime Insurance
- General Technology Updates
- Miscellaneous Administrative Costs

#### GWMA Members Administrative Fees

The Direct Administrative Fee is a percentage of the invoice for each GWMA member and will be set each fiscal year by a vote of the Board of Directors. The percentage may range from 0% to 5% of the invoiced amount (e.g., cost share amount) and will be invoiced and collected in accordance with the MOUs, Agreements, Grant Program or other appropriate program being assisted by GWMA. GWMA members will not be assessed for Indirect Costs as GWMA Members are required to pay annual membership dues and thus are contributing to general costs in support of GWMA.

Any unspent funds from annual Direct Administrative Fees collected from GWMA members will be credited back to the Watershed, grant or program and may be used to reduce/offset costs at any time per written approval by a designated and authorized representative of a group (i.e., watershed group chair) or, in certain circumstances the individual member, and in accordance with the applicable MOU or agreement. In the event that Direct Administrative Costs exceed what has been collected for the fiscal year, GWMA will notify the authorized representative of the shortfall and the amount remaining in their respective reserve funds, if any. GWMA will request and receive direction from the authorized representative to remedy the shortfall. If no reserve funds are available, GWMA will coordinate with the authorized representative to invoice the participants and collect funds for the shortfall.

#### GWMA Non-Members Administrative Fees

The Direct Administrative Fees is a percentage of the invoice for each GWMA non-member and will be set each fiscal year by a vote of the Board of Directors. Percentages may range from 5% to 10% of the invoiced amount (e.g., cost share amount) and will be invoiced and collected in accordance with the MOUs, Agreements, Grant Program or other appropriate program being assisted by GWMA. Any remaining funds from annual Direct Administrative Costs collected from GWMA non-members will be credited back to the Watershed, grant or program and may be used to reduce/offset costs at any time per written approval by a designated and authorized representative or, in certain circumstances the individual member, and in accordance with the applicable MOU or agreement. In the event that Direct Administrative Costs exceed what has been collected during the fiscal year, GWMA will notify the authorized representative of the shortfall and the amount remaining in their respective reserve funds, if any. GWMA will request and receive direction from the authorized representative to remedy the shortfall. If no reserve funds are available,

GWMA will coordinate with the authorized representative to invoice the participants and collect funds for the shortfall.

The Indirect Administrative Fees as a percentage of invoices for GWMA non-members will be set each fiscal year by a vote of the Board of Directors. Percentages may range from 2% to 5% of the invoiced amount (e.g., cost share amount) and will be invoiced and collected in accordance with the MOUs, Agreements, Grant Program or other appropriate program being assisted by GWMA. All funds collected for Indirect Administrative Costs collected from GWMA non-members will be used to offset indirect costs of the GWMA and will not be refunded/credited back to GWMA non-members or the Watershed, Grant or Program.

#### **AMENDMENT OF POLICY**

The Board of Directors may amend this Policy & Procedures - Collection and Use of Direct and Indirect Administrative Fees or approve exceptions to any part of this policy at any time by a majority vote at its regular meeting.