



Staff Report

TO: City Council
FROM: Jennifer Ustation, Finance Director
DATE: June 21, 2022
SUBJECT: Cost Allocation Plans

Background and Analysis:

The City of Beaumont's FY2021 Independent Audit Report contains audit finding 2021-001 which concerns that the City has not had a formal Cost Allocation Plan performed for charging of its costs to federally funded projects and has been a carryover finding since 2018. The City does have a formal cost allocation plan for cost allocation of administrative costs to the various funds within the City, however this was completed in April 2016. Updates to the plan should be done periodically in accordance with best practices.

The City Council approved a contract on December 7, 2021, with Revenue and Cost Specialists (RCS), to complete a full cost allocation plan. RCS has completed a cost allocation plan that the City can use to reimburse indirect costs from federal and state grants, and have also completed a cost allocation plan that will allow the City to allocate costs to funds and programs for their fair share of administrative costs based on current circumstances.

Once City Council approves the cost allocation plan, the audit finding will have been addressed and removed from the next Annual Comprehensive Financial Report. RCS will be providing software that will allow staff to update the plans periodically to comply with best practice.

Fiscal Impact:

There is no fiscal impact with the adoption of these reports.

Recommended Action:

Review and approve both cost allocation plans.

Attachments:

- A. OMB Cost Allocation Plan
- B. Beaumont Cost Allocation Plan
- C. RCS Presentation