



## ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 14 – Federal Funds 5.0	EFFECTIVE DATE: 06/14/1993
TITLE: Ratios for Processing and Reporting Grant Expenditures	REVISION DATE: 05/23/2017
AUTHORIZED BY: Director, Bureau of Fiscal Services	

### BACKGROUND

Federal regulations require that costs be identified to specific programs in an equitable manner. One acceptable method is to allocate costs based upon calculated ratios. Ratios may be used to allocate reported costs between grant programs, between state and federal share, or between allowable and non-allowable costs. For the most part, these programs are income maintenance type and are administered by counties or tribes. Ratios are developed from information provided to the division by county agencies, and these ratios are used by the BFS CARS Unit to allocate reported costs among programs for reimbursement. In addition, these ratios may be used for federal reports.

Inaccurate ratios or non-timely data may result in incorrect reimbursement to counties or incorrect data being submitted for federal purposes.

### POLICY

Divisions are responsible for developing adequate procedures to calculate and document ratios used in aids contracts and processing or for federal reports, including:

1. Written procedures for each program that allocates costs by ratios.
2. Reporting instructions for counties or other agencies required to provide data used to develop ratios.
3. Documentation for each spreadsheet or other data processing application used to generate ratios, including software, file names, formulas, backup requirements, etc.
4. Clear audit trail for documenting key steps in obtaining, generating, reviewing, authorizing and distributing ratios to BFS or other parties.
5. Procedures to be followed when changes to ratios are requested by agencies, when errors are detected by DHS staff, or when timely data is not submitted to the BFS CARS Unit or BFS Managerial Accounting Section.

### REFERENCES

*OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

### CONTACTS

[Lead Accountant, BFS Managerial Accounting Section](#)