

<p style="text-align: center;">Texas WIC Health and Human Services Commission</p>

Effective April 1, 2019

Policy No. AC:03.0

Plan to Allocate Direct Costs

Purpose

To provide a formal mechanism for the state agency (SA) to review and acknowledge cost categories, allocation methods, and supportive documentation necessary for costs to be reimbursed under the WIC contract attachment.

Authority

7 CFR Part 3016; Uniform Grants Guidance, 2 CFR 200

Policy

A local agency (LA) shall submit a written annual Plan to Allocate Direct Costs (PADC) to the SA for all direct charges allocated to the WIC Program.

Procedures

- I. The plan shall be submitted to the SA by June 15th each year for the coming contract year. The plan shall be submitted electronically to WICPADC@hpsc.state.tx.us. A sample form can be found at: <https://hhs.texas.gov/doing-business-hhs/provider-portals/wic-providers/wic-financial>.
- II. The plan shall include but is not limited to the following:
 1. specific cost categories that shall be allocated;
 2. the method or base used to allocate each specific cost;
 3. the rate or percentage developed for each specific cost; and
 4. a description of the documentation supporting the allocation.
 5. Follow the reference template: [Sample PADC form](#) located on the website under Financials: <https://hhs.texas.gov/doing-business-hhs/provider-portals/wic-providers/wic-financial>

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- III. The SA shall send an electronic acknowledgement receipt of the plan to allocate direct costs.
 - IV. The LA shall submit amendments to the plan as changes occur.
 - V. The SA shall disallow requests for reimbursement of costs not included on the PADDC.
 - VI. A copy of the accepted PADDC shall be available at the LA for purposes of an audit or fiscal monitoring review.
 - VII. Cost Categories shall be grouped in the following manner:
 - A. Personnel - Each payroll classification and the number of full time equivalents (FTEs) to be allocated to WIC shall be listed by title separately. (Refer to policy AC:04.0 and GA:14.0)
 - B. Fringe Benefits - List all fringe benefits paid by the parent agency in behalf of the WIC staff. List actual rates or cost to be charged for each benefit. (Refer to policy AC:04.0)
 - C. Travel - Any in-state and out-of-state travel on behalf of the WIC Program or Local Agency. Travel includes but not limited to: per diem, vehicle rentals and/or mileage reimbursement. If the LA has no official written policy, the current State travel rates and regulations shall be utilized. (Refer to policy AC:05.0)
 - D. Equipment - an article of nonexpendable, tangible personal property having a useful lifetime of more than one year, and an acquisition cost of \$5000 per unit or more. (Refer to policy AC:07.0)
 - E. Supplies - Includes but not limited to expendable medical supplies, office supplies, postage and shipping expenses necessary to administer all phases of the WIC Program. (Refer to policy AC:14.0)

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- F. Contractual- Includes Professional Contracts requiring the contractor be either certified, registered or otherwise authorized under state law to provide the specified service(s). Professional services include but are not limited to services provided by registered dietitians, nutrition consultants, breastfeeding consultants, nurses or doctors on contract basis, engineers, architects and certified public accountants. (Refer to policy AC:16.0)
- G. Other – any other WIC allowable expense not listed above. This category covers a variety of costs and therefore each specific cost to be billed shall be identified on the PADC and shall include the allocation method and the supporting documentation for each specific expense.
1. Outreach - refers only to materials and resources not included in in any other categories. Personnel compensation and travel costs associated with outreach shall be reported and identified under the appropriate categories. (Refer to policy AC:09.0)
 2. Non-Professional Services – includes but not limited to janitorial, security, lawn maintenance, or other services not deemed as Professional Services category. (Refer to policy AC:15.0)
 3. Communication and utilities - are charged for different sites, each site shall be listed separately. Allocation of utilities is based on a building floor plan. (Refer to policy AC:10.0)
 4. Building and facilities space - rental costs shall be allocated for each site shall be identified separately and supported by individual floor plans. (Refer to policy AC:12.0)
 5. Other Costs – any other allowable expense not listed previously in any other category.