



Program Evaluation and Audit

**Allocation Costs of Centrally
Provided Services**

January 15, 2012

INTRODUCTION

Background

The Metropolitan Council (Council) consists of five divisions, Environmental Services (ES), Metro Transit (MT), Metropolitan Transportation Services (MTS), Community Development (CD) and Regional Administration (RA). All but RA deliver services to external customers. Regional Administration delivers its services internally to the other four divisions. These internally directed services are provided by Central Service Departments (CSD) funded by the Council's General Fund. Such services include the Office of the Chair, the Regional Administration Office, Human Resources, Diversity, Program Evaluation and Audit, Government Affairs, Risk Management, Communications, the Office of General Counsel, Finance, Geographic Information Services (GIS), Information Services, Central Services, Budget and Contracts and Procurement.

Central Service Department services can be charged both directly and indirectly to receiving divisions. Those expenses that can be directly associated to a specific division are assigned to that division. Expenses that cannot be directly associated to a specific division are allocated to all divisions based upon allocation bases agreed to in 1996, with subsequent modifications, by a cross-divisional team of finance personnel. The current CSDs and their associated allocation bases are listed in Exhibit I.

Central Service Department expenses charged to receiving divisions totaled \$30,453,009 in 2010 including \$13,291,080 direct charges and \$17,161,929 by allocation. Council personnel costs accounted for 65% of the total, internal and external consulting just over 24% and other costs just under 11%. Exhibit II lists summaries of direct and indirect costs by division and by type of cost.

Information Services (\$6,628,061 - 38.63%) and Human Resources (\$2,547,326 - 14.84%) account for 53.47% of the allocated charges. Information Services (40.77%) and the Office of General Counsel (14.73%) account for 55.50% of the CSD direct charges. A listing of allocated charges is at Exhibit III; CSD direct charges are at Exhibit IV.

The Council's allocated cost sharing plan was implemented in response to the passage of the *Metropolitan Reorganization ACT* by the Minnesota Legislature in 1994. This act merged the Metropolitan Transit Commission, the Metropolitan Waste Control Commission and the Regional Transit Board into the existing Council. An interdivisional team of finance directors/managers developed the *Metropolitan Council's Cost-Sharing System Guidebook, January 1998*, (Guidebook) which describes the cost sharing system and processes of budgeting for the CSDs. The Guidebook was subsequently revised by the Budget Department in 2009. However, it was not widely distributed to the CSDs or the operating divisions.

Assurances

This audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and the U. S. Government Accountability Office's *Government Auditing Standards*.

Scope

The audit included a review of (1) the processes and procedures used to allocate CSD costs to the operating divisions, (2) compliance with written policies, procedures and guidance, (3) identification of informal practices and (4) the extent of CSD/operating unit personnel knowledge regarding Council authorized procedures.

This review is limited to those costs that are allocated (either directly or indirectly) through the use of Council program codes. A "direct" charge allocation, as used in this report, is also referred to as an "assigned" charge for internal Council purposes. Such charges are charged directly ("assigned") to an operating division's program codes. Indirect charges/allocations are allocated through the use of two specified program codes when a charge cannot be assigned to any other specific operating division program code.

This review does not include an assessment of direct charges to operating division account strings. Such charges are not part of the allocation process.

Methodology

To gain an understanding of the expense accumulation and allocation process within the Council, the following methods of inquiry were used:

- Council personnel were interviewed.
- Allocation bases were analyzed.
- Allocation transactions were evaluated.
- Council policies and procedures were reviewed.

OBSERVATIONS

Budgeting Allocated Costs

Council *Procedure 3-1b, Cost Allocation, November 21, 1998* (Cost Sharing Procedure), states that “Budget and Evaluation develops budgets based on estimates provided by the CSD managers, provides input and training to managers in making estimates, and assists in identifying allocation methods that need revision and negotiating the methods with the operating units. They coordinate the quarterly (actually distributed monthly) reports to the operating units on status of allocations. Budget and Evaluation reviews the Cost-Sharing System Guidebook as necessary.”

The Budget Manager confirmed that initial budget information is sent to CSD managers at the beginning of the year with the previous year’s assigned and allocated cost percentages identified for each employee. It is then the CSD manager’s responsibility to either accept those percentages for the current year or adjust them accordingly. Interviews with CSD managers regarding their interaction with Budget and Evaluation (Budget) and understanding of the process disclosed the following:

- Information Services (IS) - The IS allocated charges represent work accomplished by all IS employees, i.e., PeopleSoft maintenance and the service desk; work that cannot be identified specifically with a final cost objective. However, most employee time is charged directly to a specific division.
- Human Resources (HR) - The HR Department includes on-site Regional Administration and Metro Transit staffs, both of which charge directly to the appropriate division. Budgeted direct time is based upon the previous year’s direct charge. Any changes to the budget during the year are submitted to Budget and the HR Director meets quarterly with MT, ES and MTS executives to discuss any changes and timing of expenses.

The HR director stated that allocation bases are determined by Budget without input from HR personnel, for “the allocation base is a financial decision, not a work decision.” In addition, HR has no input regarding employees that are budgeted as allocated expenses. For example, Occupational Health is budgeted as an allocated expense. However, it is primarily an expense charged directly to Metro Transit.

- Contracts & Procurement - The Contracts & Procurement Director does not know how the allocation base for indirect expenses was determined and “would like to be a part of that discussion.”
- Risk Management & Claims – The department director stated that the costs incurred in this department are primarily labor, most of which is charged direct. Both liability and workers compensation costs are primarily incurred in support of Metro Transit.

- Office of Diversity and Equal Opportunity (ODEO) - The ODEO Director records employee time charges monthly and uses that data from the previous year to update the budget spreadsheet. Staff personnel charge directly to a specific division, except for tasks that support the entire Council such as conducting certifications of minority and disadvantaged firms. Central Service Department allocation formulas determined by Budget are accepted by ODEO without question.
- Communications - The budget spreadsheet that is received early in the calendar year is accepted as presented. Even though Communications personnel charge their time both directly to operating divisions and indirectly for later allocation, no revisions have been made to the employee labor allocation percentages in at least four years. Communications management personnel believe that staff personnel time card refresher training has not occurred for a long time and would be beneficial.
- Geographic IS (GIS) - A budget spreadsheet is received early in the calendar year, reviewed by the GIS Manager for allocation accuracy based upon current assignments and past work and returned to Budget. When an employee is working on a specific divisional project, time is assigned directly to that division. All other time is charged to the indirect cost pool for allocation. Examples of allocated work include Metro GIS coordination and administration and work related to GIS architecture.

Although GIS is part of the IS Department, its costs cannot be combined with those of IS due to their differing allocation bases. GIS uses actual labor costs because its services are performed using departmental computing devices. IS uses the number of computing devices for its services computer devices located within the operating divisions.

- Program Evaluation and Audit (Audit) – Most Audit time is charged directly to operating divisions. Budget percentages of employee time are based upon the annual risk assessment and the prior year’s actual experience. The Director stated that a report of actual expenditures by employee by project would assist in providing information to Budget of changes in work direction during the year and to prepare more accurate budgets for future years.
- Office of General Counsel –The budget for the upcoming year is based on the previous year’s budget. Budgeted amounts are provided to the Office of General Counsel. They are not developed through any process that takes into consideration estimates of individual future needs of ES, MT or others.
- Budget and Evaluation - Each fall the Budget Director stated that he submits the allocation bases to the divisional finance directors to reaffirm their approval. In addition, the allocation bases are reviewed by the Consultant who develops the Council’s A-87 plan.
- Central Services – All expenses are budgeted and expensed to the indirect cost pool for allocation to Robert Street offices.

- Office of the Chair, Regional Administration, Government Affairs, Fiscal Services (Payroll) - All expenses are budgeted and expensed to the indirect cost pool for allocation to the divisions.

Audit also spoke with the divisional finance directors. During those discussions the following comments were made regarding budget allocations:

- Include narrative comments with the quarterly allocation reports.
- Additional costs could be assigned (charged direct) that are currently allocated.
- Involve operating units in the review of data supporting the allocation formulas.
- Meeting every couple of years to review allocation bases for adequacy.

CSD Work Plans for Internal Services (Work Plans)

The CSDs and operating divisions are required to negotiate annual budgets and Work Plans for work that divisions require of the CSDs. Council *Policy 2-6, Provision of Internal Administrative Services*, September 11, 1998, states:

- “Internal services will be agreed upon between the internal administrative services areas and the Council’s three operating units. These agreements will clearly describe the business requirements of each party and how services will be provided, measured and monitored to provide the most cost-beneficial services to the region.

- “The manager of each internal administrative service department or office is responsible for developing procedures that support this policy and for collaborating with their clients or customer work units. The clients or customer work units are responsible for timely and clear identification of needs.”

Discussions with the CSD managers and divisional finance managers disclosed the following regarding negotiated budgets and Work Plans:

- Only ES has Work Plans with the CSDs, the other divisions do not.
- Only three CSDs could provide copies of their Work Plans.
- Environmental Services provided agreements covering nine CSDs. Seven were current, two were out of date, and seven others were not found to be available.
- There is no consistency in the knowledge and practice of developing Work Plans among the CSDs or the operating divisions.

Budget Ceiling

The total budget is a ceiling that will not be exceeded. This gives ES and Metro Transit a guaranteed maximum for all allocations. This ceiling is approved by the Council as an element of the Adopted Budget. Audit reviewed all 55 Adopted Budget amendments approved by the Council during 2010 and the first three quarters of 2011. Ten affected Regional Administration allocations, nine of which were funded by transfers to the General Fund using reserves. The other amendment transferred funds from MTS. The remaining 45 amendments were specific to an individual division and did not require further allocations. Other than these larger amendments, small expense additions are absorbed by the general fund rather than raising the divisional budget ceiling. Therefore, ES and MT can budget for the ceiling.

Evaluating Actual Costs

The Council's Cost Sharing Procedure states that "as a part of the budget process, CSD managers identify the estimated direct costs, based on services required, to operating units for the year being budgeted. They review quarterly budget reports and provide information to the operating units regarding accuracy of estimates and projected changes in workloads that will impact allocations to the work units." Discussions with the CSD managers and operating unit personnel disclosed the following regarding these responsibilities:

- Only four CSDs provide periodic updates regarding actual cost expectations.
- Quarterly reports provided to the operating units can be enhanced by adding narrative comments regarding material variances.

Allocation Bases and the A-87 Plan

The purpose of the Council's A-87 Plan is to develop divisional overhead rates applicable to external grant applications and for the accumulation of subsequent project costs. The Council's A-87 plan is developed by third party consultants who have expert knowledge regarding Federal Acquisition Regulations (FAR) and federal Cost Accounting Standards (CAS). The A-87 Plan has multiple layers of internal allocations prior to arriving at the final overhead rate calculations. In addition, some CSD costs are not allowed in government overhead rates (lobbying). These are removed from the A-87 Plan overhead rates but included in the internal cost allocation process (see Exhibit IV).

An A-87 Plan Implementation Guide includes recommended allocation bases. Audit reviewed these bases, compared them to the Council internal allocation bases and verified that A-87 allocation bases were used whenever a match was found between Council CSD and A-87 CSD (see Exhibit IV). All allocation bases were found to provide causal and beneficial relationships to their respective pooled costs.

Cost-Sharing System Guidebook

The Council's allocated cost sharing plan was implemented in response to the passage of the *Metropolitan Reorganization Act* by the Minnesota Legislature in 1994 which merged the Metropolitan Transit Commission, the Metropolitan Waste Control Commission and the Regional Transit Board into the existing Council. As stated in the Council's Cost Sharing Procedure, "a Cost-Sharing System Guidebook has been developed to provide basic information that Council managers and finance staff must understand to carry out the responsibilities of the cost-sharing system, as well as step-by-step instructions for the annual cost-sharing work plan and budget process and year-round monitoring, reporting and billing responsibilities."

The Guidebook further states that "each Council budget group (division) has its own financial resources that are restricted in how they may be used." The Council has also adopted *Procedure 3a, Charging Method for Inter-Division Services, June 7, 2002*, which states that, "each expenditure must relate to the governmental purpose for which the Metropolitan Council is authorized." For example, costs associated with wastewater treatment cannot be allocated to transit activities and residents residing outside the metropolitan sewer service district should not pay for administrative services that are provided to support the operations of the metropolitan wastewater treatment system.

The initial allocation bases were determined at the time the Guidebook was written. The current allocation bases were determined and approved by the finance directors of each division in the late 2006, early 2007 time period. Some of the allocation bases have changed as have some of the CSDs. For example, Public Safety was an initial CSD, but no longer is and Fiscal Services – Payroll, Purchasing and GIS are current CSDs, but were not when the cost sharing system was initiated.

Current allocation bases are determined based upon federal Office of Management and Budget published guidance and with the assistance of the Council's A-87 Plan consultant. In addition, the Budget Director stated that each fall he sends the allocation bases to the finance directors to reaffirm their approval. However, the divisional finance directors differ in their recollections of this process as follows:

- one recalled meeting every couple years to review the allocation bases and believes that to be adequate.
- one stated that the logic for the bases (e.g. the use of headcount for HR basis) has been reviewed by the operating units only a few times over the past 10 years, the last time about six years ago.
- another stated no knowledge of having discussions with Budget regarding allocation bases.
- two divisional finance directors did not recall receiving annual approval requests.

Regarding the Guidebook itself, discussions with CSD managers and operating division finance managers disclosed the following:

- Seven of the 16 CSDs are the responsibility of the Budget Dept.
- Only the Budget department has a copy of the Guidebook.
- Budget department personnel believe the 1998 Guidebook is out dated and they no longer follow its guidance. They instead abide by the 2009 revision.
- There is no consistency in the knowledge and practice of using the Guidebook among the CSDs or the operating divisions.

2010 Allocations

Information Services and Human Resources accounted for the most costs allocated to the operating divisions. Metro Transit incurred 43% of all IS and 61% of all HR allocated charges in 2010. These two allocations accounted for over 67% of CSD allocations to MT in 2010. Environmental Services incurred 38% of all IS and 27% of all HR allocated charges in 2010 which accounted for almost 53% of CSD 2010 ES allocations (Exhibit II).

Metro Transit incurred 57% of CSD 2010 direct charges and 38% of the indirect charges (Exhibit II). For ES and RA, these percentages were 24% direct/35% indirect and 19% direct/22% indirect, respectively. Metro Transit was allocated \$6,583,832 (38.36%), ES \$6,033,001 (35.15%), RA \$3,846,594 (22.41%) and LRT \$698,500 (4.07%) of the \$17,161,630 allocated 2010 CSD expenses (Exhibit II).

Most of the CSDs charge some expenses directly to operating divisions and also allocate other costs that cannot be specifically identified with a single division. However, the expenses of four of the CSDs (Chair's Office, RA Office, Governmental Affairs and Fiscal Services-Payroll) are fully allocated based upon the bases identified in Exhibit I.

Metro Transportation Services and CD's HRA (HRA) program expenses are based on a two year lag of actual expenses (the 2011 budget was based upon 2009 actual expenses). The budget is established by the allocation percentages arrived at in the A-87 plan and are charged to the division as they occur. MTS and HRA are funded through grants; the remainder of CD is funded by the General Fund. All expenses are budgeted and expensed to the indirect cost pool for allocation to the divisions.

CONCLUSIONS

The bases used to allocate actual costs were developed by the divisional finance directors at the time the Guidebook was established and adjusted as required due to organizational changes within the Council. These allocation bases were also reviewed by the Council's independent A-87 consultants and by Audit and were found to be appropriate. Although the bases represent a causal and beneficial relationship to their pooled costs, the process by which they are reviewed annually by Council personnel is not commonly shared.

The Council has written policies, procedures and a detailed Guidebook for budgeting and evaluating costs allocated from CSDs to the operating divisions. The Council's system of controls regarding budgeting and evaluating CSD cost allocations could be strengthened by updating and circulating the Guidebook, Council policies and Council implementing procedures and ensuring that all parties involved in the process are trained in and comply with their contents, for these documents are currently outdated and inconsistently applied. A more detailed explanation of control weaknesses follows:

1. Allocations and allocation bases – Inconsistent processes are used by nine of the CSDs to budget and evaluate expenses and personnel costs. In addition, Budget and the operating units do not agree on the process for reviewing allocation bases.

The budget worksheets provided to the CSDs each year by the Budget department are adjusted by seven of them to reflect expectations for the upcoming budget year. The remaining two CSD managers accept the worksheet as provided under the belief that the CSD cannot make changes. Two CSD managers stated that only Budget is responsible for determining its allocation base, whereas another CSD manager would like to be involved in that process. In addition, one CSD manager maintains an Excel file to track actual employee time charges in order to update Budget on ongoing changes, two maintain an intranet site with project updates for this purpose and another CSD manager would like to obtain more detailed data from Budget in order to better track actual costs for future budgeting purposes.

The Budget Director stated that allocation bases are submitted to operating unit finance directors annually for their approval. Finance directors have commented that they meet only every few years (although that is adequate for one of them) to review allocation bases, that some costs could be directly assigned that are now allocated, that they do not see data or assumptions supporting the allocation formulas themselves, and that they do not recall receiving annual requests to approve the allocation bases. This indicates gaps in communication between Budget, the CSDs and the operating units.

2. Policies, procedures and the Cost Sharing System Guidebook – These documents are not current, not complied with, may not be available to the CSDs or operating divisions and are not thought of as useful by the Budget Department.

The Guidebook (1998) is the basis for both the Cost Sharing Procedure (1998) and the Procedure for Charging Inter-Division Services (2002). Although the Guidebook was revised in 2009, to become the “Cost Allocation Plan,” those revisions were not communicated to the CSDs or operating divisions and none of the other documents has been updated since their inception. The initial Guidebook contains information regarding the initial 14 CSDs even though one of those no longer exists and three new ones have been added.

Compliance with those sections of these documents that strengthen budget and cost accumulation controls can be strengthened. For example there is no consistency in work plan development. Only ES negotiates work plans and then with only about half the current CSDs. In addition, CSD managers with little or no experience with the budget cycle have not been adequately trained in the budgeting process. Finally, operating divisions are not provided adequate narrative explanations regarding cost variances.

The Guidebook itself is unknown to nine CSDs. Only the Budget Department and ES have a copy and Budget personnel no longer follow its guidance, instead abiding by the 2009 revision.

RECOMMENDATIONS

Program Evaluation and Audit recommendations are categorized according to the level of risk they pose for the Council. The categories are:

- **Essential** – Steps must be taken to avoid the emergence of critical risks to the Council or to add great value to the Council and its programs. Essential recommendations are tracked through the Audit Database and status is reported twice annually to the Council’s Audit Committee.
- **Significant** – Adds value to programs or initiatives of the Council, but is not necessary to avoid major control risks or other critical risk exposures. Significant recommendations are also tracked with status reports to the Council’s Audit Committee.
- **Considerations** – Recommendation would be beneficial, but may be subject to being set aside in favor of higher priority activities for the Council, or may require collaboration with another program area or division. Considerations are not tracked or reported. Their implementation is solely at the hands of management.
- **Verbal Recommendation** – An issue was found that bears mentioning, but is not sufficient to constitute a control risk or other repercussions to warrant inclusion in the written report. Verbal recommendations are documented in the file, but are not tracked or reported regularly.

1. **(Essential) The Budget Director, in coordination with divisional finance personnel, should review and update the *Cost-Sharing System Guidebook*, Council allocation policies and Council implementing procedures to ensure that they reflect current and sufficiently controlled practices. Once revised, the Budget Director then needs to ensure that they are communicated and followed.**

Policies and procedures, including implementing guidance (Guidebook), that are current, accepted, and applied consistently by Council personnel provide controls that help assure that the allocation of centrally provided services is efficient and effective, and that state statutes and federal regulations are complied with. Current documented controls are outdated, not accepted and/or known by all those who need apply them, and they are applied inconsistently by the CSDs and the operating divisions.

Management Response: *Council policies and procedures will be updated to accurately reflect current practices and assure consistency with the amended Cost-Sharing System Guidebook. Once completed, they will be communicated to all Regional Administration directors and managers and financial leaders of the operating divisions. Budget staff has already developed a training presentation that will be provided to Regional Administration directors and managers responsible for central service department (CSD) budgets. The annual operating budget process will continue to be used by the budget director to inform and ensure guidance is being followed.*

Staff responsible: *Budget & Facilities Operations Director*

Timetable: *1st Quarter 2012*

- 2. (Significant) Budget Department, CSD and operating division personnel should be trained on consistent application of Council approved processes for budgeting, allocating and evaluating both directly assigned and allocated centrally provided services.**

Policies and procedures, including the implementing guidance found in the Guidebook, that have been updated and accepted by Council personnel easily become inconsistently used when personnel are not periodically trained. New and existing personnel take on budget and evaluation tasks previously unknown to them as the Council evolves from year to year. This is especially true as many “baby boom” generation employees retire from the Council over the next few years. Effort applied to maintaining current, accepted and well controlled policies and procedures (Recommendation #1) can be lost when personnel are not adequately and periodically training on consistently applying such controls.

Management Response: *Training will be conducted on the Council’s updated cost allocation policies and procedures. Priority will be for all Regional Administration directors and managers and financial leaders of the operating divisions. Training of additional staff will be available as requested.*

Staff responsible: *Budget & Facilities Operations Director*

Timetable: *Regional Administration directors and managers - February 15, 2012.
Operating division financial leaders - during regularly scheduled Financial Leadership meetings.
Additional training will be conducted as necessary.*

- 3. (Consideration) The Budget Director and the Divisional Finance Directors should consider conducting annual allocation review meetings to ensure that all parties have the same information regarding current allocation bases.**

During discussions with the Budget Director and the Divisional Finance Directors, differing statements were obtained regarding annual approvals of CSD allocation bases. A formal face –to-face meeting is more likely to provide all parties with consistent knowledge of annual CSD allocation approvals than the email system currently in use.

**Metropolitan Council
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Allocation of Centrally Provided Services**

Exhibit I: Central Service Departments & Allocation Bases

Work Benefitting the Entire Council

Department	Council Allocation Base	FTA Suggested Base
Information Services	# of computer units (laptops, printers & desktops)	System usage
Fiscal Services - Payroll	# of FTEs	# of FTEs \$ value insurance
Risk Management	# of FTEs	Premiums
Purchasing	50% \$ purchased/50% # POs	# of Transactions
Chairs Office	50% budget%/50% 1/3 MT, 1/3 ES, 1/3 RA	Not in FTA Cir A-87
Government Affairs	50% budget%/50% 1/3 MT, 1/3 ES, 1/3 RA	Not in FTA Cir A-87
RA Office	50% budget%/50% 1/3 MT, 1/3 ES, 1/3 RA	Not in FTA Cir A-87
Diversity	50% FTEs/50% direct charge labor costs	# of FTEs
Communications	50% budget%/50% 1/3 MT, 1/3 ES, 1/3 RA	Not in FTA Cir A-87
Budget	50% budget%/50% 1/3 MT, 1/3 ES, 1/3 RA 70% FTEs/30% modified FTEs - no	Direct hours
Human Resources	drivers/mechanics	# of FTEs
Legal	Direct charged labor costs - current year	Direct hours
Internal Audit	Direct charged labor costs - current year	Direct hours
GIS	Direct charged labor costs - current year	Not in FTA Cir A-87
Fiscal Services	Assigned labor + 1/3 CSD's assigned labor	# of Transactions
Central Services	Sq Feet - Robert St.	Sq feet

Work Benefitting Only ES/RA Personnel at 390 Robert St.

Purchasing	50% \$ purchased/50% # POs	# of Transactions
Fiscal Services	Assigned labor + 1/3 CSD's assigned labor	# of Transactions
Central Services	Sq Feet - Robert St.	Sq feet
Legal	Direct charged labor costs - current year	Direct hours
Information Services	# of computer units (laptops, printers & desktops)	System usage

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Exhibit II: Cost Allocation Dollars by Division and Cost Type - 2010

	2010 Cost Allocation Dollars - Division			% of Total			% Direct	% Indirect
	Direct	Indirect	Total	Direct	Indirect	Total		
MCES	3,144,831	6,032,999	9,177,830	10.33%	19.81%	30.14%	23.66%	35.15%
MT	7,579,744	6,583,833	14,163,577	24.89%	21.62%	46.51%	57.03%	38.36%
LRT	97,153	698,500	795,653	0.32%	2.29%	2.61%	0.73%	4.07%
RA	2,469,352	3,846,597	6,315,949	8.11%	12.63%	20.74%	18.58%	22.41%
	13,291,080	17,161,929	30,453,009	43.64%	56.36%	100.00%	100.00%	100.00%

	2010 Cost Allocation Dollars - Type						
	Direct Costs	Indirect Costs - Council	Indirect Costs - Robert St.	Total Costs	% of Total	% Direct	% Indirect
Personnel	7,874,531	10,929,758	993,242	19,797,531	65.01%	39.78%	60.22%
Consulting	4,083,666	2,912,229	356,350	7,352,244	24.14%	55.54%	44.46%
Other	1,334,975	1,680,676	278,188	3,293,839	10.82%	40.53%	59.47%
Subtotal	13,293,171	15,522,663	1,627,780	30,443,614	99.97%	43.66%	56.34%
Adjustment	(2,091)	(13,736)	25,222	9,395	0.03%	-0.02%	0.02%
Total	13,291,080	15,508,927	1,653,002	30,453,009	100.00%	43.64%	56.36%
% of Total	43.64%	50.93%	5.43%	100.00%			

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Exhibit III: Central Service Department Allocations - 2010

Department						<u>Percent of Total CSD Allocated Costs</u>				
	MT	ES	RA	LRT	Total	MT	ES	RA	LRT	Total
Information Services	2,877,975	2,377,458	750,776	250,259	6,256,468	16.77%	13.85%	4.37%	1.46%	36.46%
Human Resources	1,553,869	687,778	127,366	178,313	2,547,326	9.05%	4.01%	0.74%	1.04%	14.84%
Fiscal Services - Payroll	548,790	152,442	22,866	38,110	762,208	3.20%	0.89%	0.13%	0.22%	4.44%
Legal	251,986	120,743	110,244	41,998	524,971	1.47%	0.70%	0.64%	0.24%	3.06%
Fiscal Services	219,372	493,587	340,026	43,874	1,096,859	1.28%	2.88%	1.98%	0.26%	6.39%
Chairs Office	212,959	202,311	101,156	15,972	532,398	1.24%	1.18%	0.59%	0.09%	3.10%
RA Office	173,579	164,900	82,450	13,018	433,947	1.01%	0.96%	0.48%	0.08%	2.53%
Government Affairs	161,702	169,561	76,809	12,128	420,200	0.94%	0.99%	0.45%	0.07%	2.45%
Communications	159,586	153,617	658,294	9,974	981,471	0.93%	0.90%	3.84%	0.06%	5.72%
Diversity	130,574	50,221	8,035	12,053	200,883	0.76%	0.29%	0.05%	0.07%	1.17%
Internal Audit	99,861	67,553	52,867	73,427	293,708	0.58%	0.39%	0.31%	0.43%	1.71%
Risk Management	97,876	27,188	4,078	6,797	135,939	0.57%	0.16%	0.02%	0.04%	0.79%
GIS	56,062	74,749	492,099		622,910	0.33%	0.44%	2.87%	0.00%	3.63%
Budget	49,484	52,577	204,123	3,093	309,277	0.29%	0.31%	1.19%	0.02%	1.80%
Purchasing		363,688	40,410		404,098	0.00%	2.12%	0.24%	0.00%	2.35%
Adjustment	(9,843)	(3,721)	344	(516)	(13,736)	-0.06%	-0.02%	0.00%	0.00%	-0.08%
Subtotal Council	6,583,832	5,154,652	3,071,943	698,500	15,508,927	38.36%	30.04%	17.90%	4.07%	90.37%
Purchasing		253,014	28,113		281,127		1.47%	0.16%		1.64%
Fiscal Services		379,609	263,796		643,405		2.21%	1.54%		3.75%
Central Services		122,710	208,938		331,648		0.72%	1.22%		1.93%
Legal		3	5		8		0.00%	0.00%		0.00%
Information Services		115,194	256,399		371,593		0.67%	1.49%		2.17%
Adjustment		7,819	17,403		25,222		0.05%	0.10%		0.15%
Subtotal Robert St.	0	878,349	774,654	0	1,653,003	0.00%	5.12%	4.51%	0.00%	9.63%
Total	6,583,832	6,033,001	3,846,597	698,500	17,161,930	38.36%	35.15%	22.41%	4.07%	100.00%

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Exhibit IV: CSD Direct Charges - 2010

	MT	ES	RA Total	LRT	Total Direct Costs	Percent of Total CSD Direct Charges				
						MT	ES	RA	LRT	Total
Information Services	3,102,302	1,626,134	690,951	7	5,419,394	23.34%	12.23%	5.20%	0.00%	40.77%
Human Resources	1,051,855	277,397	294,808	30,856	1,654,915	7.91%	2.09%	2.22%	0.23%	12.45%
Fiscal Services - Payroll										
Legal	1,628,150	140,190	185,655	3,210	1,957,205	12.25%	1.05%	1.40%	0.02%	14.73%
Fiscal Services	120,711	134,520	289,903		545,135	0.91%	1.01%	2.18%		4.10%
Chairs Office										
RA Office										
Government Affairs										
Communications	13,057	72,014	541,381		626,452	0.10%	0.54%	4.07%		4.71%
Diversity	342,212	65,499	56,391	15,620	479,722	2.57%	0.49%	0.42%	0.12%	3.61%
Internal Audit	120,215	38,945	62,405	44,544	266,108	0.90%	0.29%	0.47%	0.34%	2.00%
Risk Management	948,552	64,036	59,746	2,916	1,075,250	7.14%	0.48%	0.45%	0.02%	8.09%
GIS	32,965	51,031	219,835		303,831	0.25%	0.38%	1.65%		2.29%
Budget	12,412	578	32,176		45,166	0.09%	0.00%	0.24%		0.34%
Purchasing	193,005	220,495	410		413,910	1.45%	1.66%	0.00%		3.11%
Central Services	13,745	451,036	41,304		506,084	0.10%	3.39%	0.31%		3.81%
Adjustment	563	2,958	(5,612)		(2,091)	0.00%	0.02%	-0.04%		-0.02%
Total	7,579,744	3,144,831	2,469,352	97,153	13,291,080	57.03%	23.66%	18.58%	0.73%	100.00%

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Exhibit V: Comparison of Internal and External A-87 Cost Plans

Allocated Costs: Internal vs. A-87 Cost Plans

Internal		A-87
Fund Central Services	Why	Grant Rates
Division	Level	Department
\$ Charges	Determines	% Rates
ES / MT / LRT / CD	Used For	MTS / HRA / Grants
Current Year	Data From	2 Years Prior
None	Excludes	Politics/Direct Billers
None	Adds	ES & MT Admin
Single Allocation	Method	Step Down
No	Allocate to RA	Yes

Source: Paul Connery presentation, "2010 Introduction to Financing the General Fund Activities and the Cost Allocation Plans"