



SECTION:	Financial Management	POLICY #:	409
TITLE:	Administrative Charges	PROCEDURE #:	
		RESOLUTION #:	04-12R
DEPT:	Financial Services	DIVISION:	
ADOPTED:	4/29/2004	REVIEWED:	4/24
		REVISED:	

1. POLICY

1.1 Policy: It is the policy of Marion County to identify the full cost of delivering programs and services that benefit the county as a whole. Administrative Charges provide a useful means of accounting for such centralized activities as human resources, financial services, risk and facilities management, information technology, and Board of Commissioners’ oversight. It is the intent of the Board of Commissioners that all departments, agencies, and funds help support the central service operations of Marion County.

1.2 Principles: These principles shall govern the application of this policy:

1. Demonstrable relevance of charges assessed to services received by county departments;
2. A rational methodology that is understandable and practical to administer;
3. Fairness and equity across county departments, regardless of funding sources within a department;
4. Consistent application over time to provide predictability in department budgets;
5. Reasonable restraint in the growth of administrative infrastructure to minimize the impacts on services to citizens; e.g., public safety, transportation, health and mental health services, while assuring adequate and appropriate accountability for public funds.
6. Responsive to environmental influences.

2. REFERENCES AND GUIDELINES

2.1 Statutory References: In *Recommended Budget Practices: A Framework for State and Local Government Budgeting*, the Government Finance Officers Association (GFOA), recommends that governments adopt policies that “identify the manner in which fees and charges are set and the extent to which they cover the cost of the service provided.” The report also stated “... policies on fees and charges should be publicly available and summarized in materials used in budget preparation...” Costs of service include direct and indirect costs such as operating and maintenance costs, overhead, and charges for use of capital (depreciation and debt service). A government may choose not to cover all costs, but it should identify such costs. Reasons for not recovering full costs should be identified and explained. Federal OMB Circular A-87 guides allocation charges on federal

funds. Finally, the board of commissioners is authorized to manage county business pursuant to ORS 203.010 and 203.035.

2.2 County Legislative or Historical References: In February 2002, the Marion County Board of Commissioners received a report from Aldrich Kilbride & Tatone LLP which recommended issues and methodologies related to allocating core administrative costs. The board adopted the report and the methodology was implemented beginning with the 2002-03 fiscal year. Recommended steps were:

1. Identification of total costs to be included in the cost pools;
2. Decisions on whether to allocate 100% or portions of the costs;
3. Decisions on what allocation methods to use;
4. Analysis of funding issues and special exceptions.

Other recommendations included:

1. Consideration of direct allocation of some costs;
2. Establishing reserves for equipment and building expenses;
3. Showing central administrative cost allocations in General Fund cost centers.

3. OPERATIONAL GUIDELINES – GENERAL

3.1 Approval by Board: The Marion County Board of Commissioners shall review and approve the administrative charges assessment and allocation methodologies prior to developing budget instructions each fiscal year.

3.2 Responsibilities: Marion County’s Chief Administrative Officer and Budget Officer shall generally oversee implementation of the county’s administrative

charges processes. Elected officials and department heads shall be responsible for communicating the impacts of administrative charges on county services to the CAO and Board of Commissioners.

- 3.3 Basis: Administrative charges, shall be assessed using a board-approved methodology. Changes in application or methodology that result in any significant impacts to county services shall not be implemented without prior approval of the Chief Administrative Officer and the Board of Commissioners.

Administrative charges shall be computed based on the actual expenses associated with central service operations and debt service. These costs include personal

services and materials and services associated with the following county departments:

1. Board of Commissioners Office
(excluding commissioners' salaries, dues and memberships);
2. Business Services;
3. Information Technology;
4. Non-Departmental

- 3.4 Expenditures: Administrative charges represent non-cash transactions between county departments. Charges shall be assessed on actual expenditures on a monthly basis. Administrative charges allocation will be rebalanced on a timetable established by the board, and budgets for non-General Fund departments will be adjusted accordingly. Any unexpended General Funds shall revert to the fund at the end of the fiscal year.

- 3.5 Exceptions: The primary funding sources of some programs administered by the county may restrict the type and/or amount of administrative charges that will be reimbursed. In such instances, an alternative funding source for the non-reimbursable administrative charges shall be provided.

- 3.6 Periodic Review: The Chief Administrative Officer and/or Budget Officer shall review this policy at least every three (3) years.

BOC Resolution No.: 04-12R

Adopted: April 29, 2004