



Payroll Allocation

Procedures – **DRAFT**

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Goal:

One of the City's eight strategic goals is Internal Efficiency: Improve efficiency, quality and productivity of services. In order to sufficiently measure and compare in line with this goal, it is necessary to ensure that all functions share indirect costs on the basis of relative benefits received.

Additionally, the City's budget guidelines, as outlined on page I-12 of the 2008 final budget, include the concept of full cost recovery:

- The City will maintain utility rates adequate to ensure that each utility segment is fully self-supporting
- The City shall maintain a structure for all fees and charges where the beneficiary of the service pays the cost of that service except to the extent that the City Council has determined that provision of the specific service in question provides a general public benefit

In order to receive full cost recovery, the City must be able to measure the full cost of services provided, including indirect costs such as administration and other support services.

Background:

Like all organizations, the City provides certain services that benefit the entire entity. These services are generally of a support nature and centralized within a single department such as Finance, Human Resources and IT. Those costs are then assessed out to the operating departments using a variety of methods depending on the type of service provided. The amount the operating department is charged is not intended to represent a per unit cost of a transaction, such as processing a voucher for payment or processing a request for bid, but rather an appropriate allocation of all of the costs related to providing the support service.¹

In the absence of a work order system allowing specific charging to jobs, projects, or functional areas by all employees, and in instances where a job, project, or duty spans multiple funds, a reasonable allocation estimate must be applied to payroll to ensure that all funds share in their relative costs. The need for payroll allocation accuracy is important because labor costs are the allocation basis for many operating expenses.²

Procedure:

Payroll allocations by employee position title are provided by Department heads to the Cost Accountant. The Cost Accountant will review the allocation and support for appropriateness and accuracy. If the allocation is acceptable, it will be forwarded to the Accounting Manager for approval and entry into the MUNIS system; if it is deemed unacceptable or missing sufficient support, it will be returned to the Department head for correction or completion. Following entry in MUNIS, the department will receive a confirmation from Finance listing the new allocations as entered. The department has the opportunity to confirm the updates or request any necessary corrections at that time.

All requested payroll allocations must include three additional pieces of information to justify the allocation – narrative, calculation, and supporting documentation. The narrative gives the answer of

¹ This paragraph borrowed from City of Tacoma 2009-2010 Assessments Overview; statement is applicable to COBI.

² Use of payroll allocations is comparable to the City of Poulsbo (employee tracking by function), City of Tacoma (combination of labor data and FTE's), Kitsap County (FTE's), and City of Bremerton (employee labor).



“why” a given fund is being charged for labor and the general “what” of the work that would apply to the fund. The calculation gives the answer of “how” the figure was determined, and the supporting documentation (whether it be MUNIS data, project lists, etc.) supports the “how much” and specific “what”. The information provided must be sufficiently detailed to pass potential scrutiny by an external third party.

For many departments, the support will vary based on the employee and his or her specific job duties. For example, a clerk-type position whose job duties are related to cyclical processing may be supported by system-generated reports detailing number of items processed per fund, whereas a technical position whose job duties are project-driven may be supported by annual project lists.

An example of acceptable support (as submitted by IT):

Notes to develop allocations by fund for IT Department

Realistic to actual work performed
Justifiable today and in near future
Usable for long term
Flexible for changes/updates
Focus on rolling up details to 6 main funds

Philosophy to Justify

City-wide staff supports/uses the work product & systems
Systems provide functionality to enable the work
City-wide Staff are the customers of the systems supported by IT staff
Departmental allocations provide an accurate, justifiable, and easily updatable method to calculate IT allocations by fund

Eng Tech - GIS/Mapping

Define percentages based on recent work products and history (estimate by supported fund)
* Many map requests are external agencies or community members so don't easily categorize by fund
* Some agency or community maps do support specific projects that can be categorized by fund
* Internal requests can generally be categorized by fund, and also potentially cross funds



	B	C	D	E	F	G	J	K	L	M	N	O	P	Q	R	S	T
1	Eng Tech (GIS/Mapping) Fund Allocation Worksheet																
2																	
3																	
4		General	Streets				Water		Sewer			SSWM		B&DS			
5			Road- Side	Road- Way	Side- Walk	Snow Ice		RB Wtr	Sewer	SI Swr	Sewer WWTP	SSWM	SSWM Decant	471	470		
6	TITLE	Gen'l					Water							Bldg	Dev		Total
7			Admin														
12	Engineering Tech 2	50%		15%			10%		10%			5%		2%	8%		100%
14																	
15																	
16		General	Streets				Water		Sewer			SSWM		B&DS			
17		Roads Centerline Project	Roads Centerline Project				Hydrants Inventory		Infrastructure Update			Culvert Program		NMTP			
18		Property Management Project	Situs Address Project				Infrastructure Updates		Infrastructure Inventory			Retention Ponds		Zoning Updates			
19		Fire Hydrants Project	Speed Limit/ADT				Infrastructure Inventory		LID Support					Scanning			
20		Eoc/Emer. Management	Snow/Ice Removal				As Built Retrieval		Mapguide					Mapguide Updates			
21		Mapguide	NEPA Maps				Mapguide		As Built Retrieval					Consultant Requests			
22		Citizen Requests	Sidewalk inventory				Consultant Requests		Consultant Requests					Site Maps			
23		BI Fire Dept Support	Maintenance Sector Atlas														
24		Non Motorized Work	Street Tree Inventory														
25		ArcGIS (soon)	Mapguide														
26		Situs Address Project	Non Motorized														
27		BI Parks Support (trails)	Consultant Requests														
28		Consultant Requests															
29																	
30		Estimate 50%	Estimate 15%				Estimate 10%		Estimate 10%			Estimate 5%		Estimate 10%			
31																	
32		Additional narrative (why General and Streets have similar # of projects, but vastly different percentages)															
33		Estimated percentages are based on several factors; including quantity, complexity, and necessary work time to complete typical requests.															
34		The general fund supports a higher percentage due to the nature of the projects, which are typically specific to properties, boundary lines, topography, addressing, etc.															
35																	