



**Small Business
Finance Center**

ADMINISTRATIVE COST MANUAL

Revised July 27, 2022



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Introduction

The California Infrastructure and Economic Development Bank (IBank) and eligible Financial Development Corporations (Corporations) enter into annual contracts for Corporations to provide services to IBank. IBank compensates Corporations for those services rendered as they relate to programs within IBank’s Small Business Finance Center (SBFC).

The funds that may be used to compensate Corporations for the scope of work in its contract include State general funds, interest earnings from program accounts, Federal administrative funds allocated by the State Small Business Credit Initiative (SSBCI) through the American Rescue Plan Act, and Jump Start administrative funds.

IBank accepts the Office of Management and Budget, Uniform Administrative Requirement Cost Principles and Audit Requirements for Federal Awards, as its guide to determine allowable, allocable, and reasonable administrative cost allowances for the reimbursement of actual expenses incurred by Corporations, regardless of which fund is utilized. IBank may choose to take a more precautionary approach than the guide allows.

Uniform Administrative Requirement Cost Principles and Audit Requirements for Federal Awards establishes principles for determining the allowable costs incurred that can be charged to an applicable program on a fair share cost basis. Basic guidelines and factors over the allowability of costs require costs to be:

- Necessary and reasonable for proper and efficient performance and administration of a program;
- Consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit;
- Accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost; and
- Adequately documented.

In order for a Corporation to be reimbursed for costs related to IBank programs, it must follow provisions of this guide based on the Uniform Administrative Requirement Cost Principles and Audit Requirements for Federal Awards. Without proper documentation, IBank cannot determine whether costs charged to its programs are allowable. Items that are determined “questioned costs” will be evaluated by the Chief Deputy Executive Director or the Executive Director and may be deemed ineligible. It is the intent of this guide to assist you to access reimbursement of expenses and clarify eligible costs.

All references in this Administrative Cost Policy Manual to reimbursement of costs and expenses include the use by FDCs participating in the Jump Start Loan Program of grant funds from IBank pursuant to Section 4 of the Jump Start Allocation Agreement between IBank and

each such FDC for allowable administrative, financial literacy training and technical assistance costs and expenses.

Expenses submitted for reimbursement must be paid prior to billing; invoices should show the expense as having been paid. Requests for reimbursement in an amount more than supported by documentation will not be paid.

All documentation related to the reimbursement of federal program expenses from IBank must be retained for 7 years or until June 30, 2031, whichever is later. All other documentation related to reimbursement of expenses from IBank must be retained for 7 years.

Allowable Costs for Reimbursement

Direct Costs:

All direct costs reimbursable must be directly and specifically related to the eligible SBFC programs. Documentation for these direct costs is typically underlying invoices showing the service, vendor, date, and amount paid.

- Salaries and Wages
- Rent, Facilities
- Telephone, Network Services, Internet, IT Support, Communication
- Printing, Postage
- Equipment
- Insurance
- Legal
- Travel
- Marketing, Advertising, Outreach
- Workshops, Meetings, Seminars, Education
- Accounting and Auditing

Table 1 shows additional detail of allowable direct costs. For items not listed or for clarification please contact IBank prior to incurring the expense and submitting an invoice.

Table 1

Cost Item	Allowable Costs/Activities	Unallowable Costs/Activities
Advertising and Public Relations Costs	<ul style="list-style-type: none"> ✓ Advertising for personnel recruitment related to programs; ✓ Advertising related to procurement of goods and services for programs; and ✓ Communication with the public and press on program activities and accomplishments; 	<ul style="list-style-type: none"> × Advertising/public relations for: × Conventions and Events; × Exhibits and Displays; and × Promotional items and memorabilia.
Meetings and Conferences	Cost of these meetings/conferences to disseminate technical information, including meals, transportation, facility rental, speaker fees, and other items are allowable.	

Communication	Costs such as local and long distance calls, telephone services, postage, messenger, and electronic transmittal of data.	
Lobbying	Not Allowed	Not Allowed
Selling and Marketing	Not allowed unless allowable as public relations costs.	Not allowed unless allowable as public relations costs.
Legal	Expenses required in administration of program	Costs incurred in defense of civil or criminal fraud proceeding, or contractor costs in connection with criminal or civil proceeding.
Audit Costs	Single Audit Costs are allowed	Other audit costs are not allowable unless included in a CAP, ICRP, or approved by IBank.
Donations and Contributions	Not Allowed	Not Allowed
Personnel Services	Wages, salaries, and fringe benefits including insurance and pensions;	Cost of time off
	<ul style="list-style-type: none"> ✓ Must be reasonable, supported (by payrolls), and allocated to the program in a manner consistent with costs charged to other programs/ activities; 	
	<ul style="list-style-type: none"> ✓ Where employees work on multiple activities, the distribution of their salaries/ wages must be supported by personnel activity reports that are after the fact distributions, are prepared at least monthly and coincide with one or more pay period, and are signed by the employee; 	
	<ul style="list-style-type: none"> ✓ For employees who work solely on the SSBCI program, personnel charges must be supported by periodic (at least semi-annual) certifications signed by supervisors that the employees worked solely on that program for the period covered. 	
Equipment	Expenditures for special purpose equipment specific to eligible SBFC program.	General purpose equipment expenditures are not allowed
Insurance and Indemnification	Cost of insurance required for the program is allowed, subject to certain provisions.	Actual losses which could have been covered by permissible insurance are not allowed

Materials and Supplies	Only materials and supplies specifically used in the performance of an eligible SBFC program may be charged	
Entertainment	Not Allowed	Not Allowed
Alcoholic Beverages	Not allowed	Not allowed
Memberships, subscriptions, and professional activities	Costs of membership and subscriptions in business, technical, and professional organizations are allowable	Costs of membership in organizations engaged in lobbying are unallowable
Plant and Homeland Security Costs	Necessary and reasonable expenses incurred for routine and homeland security including items such as wages, uniforms, and equipment that are allowable	
Professional Services	Costs of professional and consultant services by persons who possess a special skill or are part of a particular profession are allowable	
Publication and Printing	Costs of printing, distribution, promotion, mailing, and general handling are allowable as either direct or indirect costs	
Training	Training for employee development is allowable	
Travel	Expenses related to transportation, lodging, subsistence, and related items for official business related to the eligible SBFC program are allowable	
Maintenance, Operations, and Repairs	Not Allowed	Not Allowed
Rental of Building and Equipment	<ul style="list-style-type: none"> ✓ Rental costs are allowable to the extent rates are reasonable ✓ Costs under capital leases are allowable only up to certain amounts 	

Documentation:

Direct Salaries and Wages:

Charges for salaries and wages will be based on payrolls documented in accordance with generally accepted accounting practices. Payroll time and effort reporting, as well as calendar month personnel activity reports (PARs), must accompany payroll documentation; if the pay period begins in one month and ends in the next month, two calendar month PARs covering the pay period must be submitted. Each FDC is expected to train appropriate staff, collect and retain personnel activity reports, and assure compliance.

There are two types of time and effort records required—either a semi-annual certification form or monthly personnel activity reports.

1. If an individual works on multiple programs or activities such as the State's SBLGP, the

Federal SSBCI Program, and any other activity not related to SBLGPs, he/she must maintain personnel activity reports (PARs) that demonstrate the distribution of time worked. Refer to the attached sample PAR form. These PARs must be:

- a. Prepared monthly and coincide with one or more pay periods
 - b. Signed and dated by the individual and supervisor
 - c. Account for 100% of the individual's activity
 - d. Supported by the employer time keeping record
 - e. Supported by payroll documentation
2. If an individual works 100% on the federal SSBCI program, they may complete a semi-annual certification that the individual worked exclusively on the program. It should identify the FDC's name, employee's name, employee position, and reporting period as well as be signed and dated by the employee and supervisor. Refer to the sample semi-annual certification form. It must also be supported by the employer time keeping records and payroll documentation. In this scenario, a PAR is not required.

Submitting Reimbursement Requests

Requests for reimbursement may be submitted monthly and are limited to the outstanding balance of the yearly FDC budget. IBank has prepared an invoice template for Corporations to use when requesting reimbursement. The Corporation should submit the completed invoice template and invoices, along with proper supporting documentation referenced in this guide, to SBFC@lbank.ca.gov.

Invoices and supporting documentation required by IBank prior to reimbursement for allowable administrative expenses must be maintained in the Corporation's files as required by the Small Business Finance Center Rules.

SSBCI Semi-Annual Certification

**SSBCI
SEMI-ANNUAL
CERTIFICATION OF PAY**

OMB Circular A-87 states "where employees are expected to work solely on a single Federal award [...] their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee."

I, _____, certify that 100% of my time has been spent performing duties associated with the SSBCI Program for the period of _____.

Employee Signature _____ Date _____

Supervisor Signature _____ Date _____

Personnel Activity Report (PAR)

PERSONNEL ACTIVITY REPORT (PAR)

Instruction: Anytime an employee is paid using federal funds, a monthly time and effort log is required to ensure the budgeted time and effort is equivalent to the actual time and effort worked on the program.

FDC Name _____ Month and Year of Activity: _____
 Employee Name: _____ Employee Title/Position: _____

Program/Activity	Number of Hours per Activity																															Total Hours per Activity	Percent for each Activity	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31			
Activity																																		
SSBCI - SBLGP																																	0	#DIV/0!
State SBLGP Activity																																	0	#DIV/0!
State Jump Start Activity																																	0	#DIV/0!
All Other Activity																																	0	#DIV/0!
Lunch																																	0	
Total Hours Worked	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	
Leave																																		
Vacation, PTO, Holiday																																	0	#DIV/0!
Sick or Other																																	0	#DIV/0!
Total Leave Hours	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	
Total Hours this Month:																																0		

I certify with my signature that the information submitted is accurate, and that the information contained in this PAR accurately reflects 100% of my actual time and effort distribution reported.

Signature of Employee: _____ Date: ____/____/____
 Signature of Supervisor: _____ Date: ____/____/____

Reimbursement Request Cover Sheet

SMALL BUSINESS LOW-GUARANTEE PROGRAM - REIMBURSEMENT REQUEST COVER SHEET RECONCILIATION

FDC Name: _____ FDC Full Address: _____
 Contract Number: _____ FDC Contact: _____
 Invoice Period: _____
 Date Worksheet Prepared: _____

For State Use Only - Payment Approval
 FCN: _____
 Account Approved: _____
 Worksheet Generated Date: _____

NAME AND POSITION TITLE OR VENDOR NAME	EXPENSE DESCRIPTION	PERSONNEL ACTIVITY REPORT (PAR)				EXPENSE PERIOD OR RECEIPT DATE	TOTAL EXPENSE		SUBGP		SELGP		JSP		OTHER PROGS AND TIME OFF		COMMENTS
		SBLGP	SBLGP	JSP	PROGS OFF		ALLOC PERCENT	ACTUAL INCURRED	EXPENSE ALLOC PERCENT	EXPENSE ALLOC PERCENT	EXPENSE ALLOC PERCENT	EXPENSE ALLOC PERCENT	EXPENSE ALLOC PERCENT	EXPENSE ALLOC PERCENT			
SUBTOTAL: PERSONNEL EXPENSES - SALARIES AND WAGES																	
EXPENSE ALLOCATION PERCENTAGE - OVERALL ALLOWANCE																	
SUBTOTAL: PERSONNEL EXPENSES - OTHER																	
SUBTOTAL: PERSONNEL EXPENSES																	
SUBTOTAL: OPERATING EXPENSES																	
TOTAL PARTS I AND II - RECONCILIATION ALLOWANCE																	

Certification: I, the undersigned, hereby, certify that actual expenses incurred and that all are for approved costs in accordance with relevant governing documents.

Signature: _____ Signature Date: _____