



# FINANCIAL AND OPERATIONAL FITNESS AUDITS (FOFA)

## MODIFIED ADMINISTRATIVE COST APPROACH (MACA)

[Link to Audio](#)

**SSVF National Webinar - December 10, 2020**

Presented by: Allen Ackles, Senior Auditor, Office of Business Oversight



# Agenda

- What is MACA?
- General Expectations & Requirements
- Implementation
  - How to get started
  - What you'll need
  - Future review of MACA
  - General Timeline
- Questions and Discussion



# What Is MACA?

- An objective, quantitative and auditable method of allocating administrative costs through defined Drivers<sup>1</sup> that provides an additional layer of transparency of Administrative Cost
- An additional tool or alternative approach for grantees to use when supporting costs charged to SSVF for their Administrative Expenses
- Can be used instead of the Traditional approach to supporting expenses (providing timecards, invoices, etc.)
- 10 Percent Cap or Limit still applies and does not modify or replace a negotiated indirect cost rate agreement with any federal agency

<sup>1</sup> "Drivers" are the key inputs and activities that drive the operational and financial results of your organizations. Examples – Headcount (total number of employees on payroll), number of checks issued, number of invoices processed, number of IT devices, Facilities (Square Feet), or other drivers that may be unique to your organization



# General Expectations & Requirements

- MACA entails approved expenses that are limited to General Administration (GA) which are indirect, allowable, allocable, and reasonable per existing guidance
- GA/GE must support and benefit the efforts and mission of SSVF activities within the organization
- Must be detailed and listed within the approved budget on file with the SSVF Program Office
- Allocation Basis and Drivers must be clear and distinguishable with specific support that allows for sufficient review and assessment
- Must be consistently applied throughout the award period
- Must be reevaluated on an annual basis to ensure allocation basis and drivers remain applicable (staffing, expansions, contractions, increases/decreases in SSVF or other funding sources)
- Additional information may be required, depending on the drivers to determine reasonableness of the ratios used



# General Expectations & Requirements

- Specific internal controls must be in place, as demonstrated through policy, procedure and practice, to ensure administrative costs are not allocated to indirect costs that have been charged to SSVF as direct costs (double-charging of expenses)
- Through periodic audits of SSVF activities, an analysis of allocation methodologies and related drivers will be conducted to ensure the administrative cost charged to SSVF are reasonable and in proportion to other expenses for shared cost centers and or other federal funding activities
- The grantee's CFO, or comparable title/position must certify (annually) that the MACA used by the grantee is in accordance with this guidance and other applicable cost principles



# Implementation

- How to get started
  - Obtain recently published MACA Guidance and MACA Summary Workbook
  - Elect the MACA approach when filling in the Applicant Budget or reach out the Program Office/Regional Coordinator if MACA was not initially selected to obtain additional guidance on transitioning to MACA<sup>2</sup>
  - Identify applicable GA/GE
    - No high-level or broad line items (“Admin Salaries”, “Admin Fringes”, “Overhead”, “Operating Cost”, etc.)
    - Must be delineated by expense category (“CFO Salary”, “Fiscal Staff”, “IT Staff”, “General Administrative Supplies”, “General Administrative Facilities Lease”)
  - Identify or develop drivers supporting percentages used to allocate cost
  - Ensure existing reporting or other documents/systems necessary are available to support drivers being used, OR
  - Develop additional reporting or data repository systems/efforts that will capture key elements supporting drivers used
  - Use the existing MACA Summary spread sheet or modify to meet the needs of your organization (must be detailed enough to provide clear and intuitive analysis)

<sup>2</sup> During the transition to MACA approach, in the interim, ensure Administrative expenses charged to continue to meet the existing requirements for allowability, allocability, reasonableness, and are properly supported.



# What You'll Need

- Organizational Data (depending on drivers)
  - Overall budget data (SSVF and non-SSVF)
  - Listing of Federal, State, and local programs
  - Payroll Reports highlighting total number employees
  - Check Register/Log with total checks issued (SSVF and NON-SSVF)
  - Credit Card Statement (if payments made by corporate credit card are a significant portion of payment process)
  - Reporting of total invoices processed
  - Facilities data
    - Total square footage (with lease agreements/documents supporting such)
    - Total square footage used by SSVF and Non-SSVF
      - By employee/office space/location/building
  - Asset listing for computer/IT Devices
  - Listing of Reports (if used for senior management drivers)
- Policies and Procedures (P&P) to support drivers and MACA approach
  - Highlighting internal controls
  - Develop additional P&P related to new data/drivers supporting MACA



# Future Review of MACA

- What will the future review of MACA look like?
- Audit team will request:
  1. CFO Admin Questionnaire - preliminary information regarding the Internal Control environment surrounding the Fiscal and Accounting operations
  2. The MACA Summary Sheet
  3. Policies and Procedures related to various activities associated with MACA
  4. Selected documents supporting drivers used (GL details, payroll reports, asset listing,...)
  5. CFO MACA Certification
- Audit Team will review and analyze the MACA Summary to:
  - Ensure costs were listed on approved application budget
  - Ensure drivers support totals charged to SSVF
  - Ensure calculations are accurate and relevant
  - Verify drivers supporting documents/evidence
  - Ensure cost are allowable, allocable, and reasonable
  - Ensure overall organizational data is properly supported
  - Provide feedback and guidance



# General Timeline

- Initial Development of MACA
  - Depending on size, complexity, and existing data currently available for your organizations, MACA development can take between one and three weeks.
  - Once developed, MACA can be shared with Office of Business Oversight (OBO) to ensure initial development and data used will properly support MACA objectives
- Timeline<sup>3</sup>
  - January - February 2021
    - Develop MACA Summary
    - Identify/Develop suitable supporting documents/reports/data for drivers
  - March - April 2021
    - Share MACA with SSVF Program Office Compliance Team and OBO to obtain feedback
  - August 2021
    - Initial reassessment of MACA based on ongoing organizational data to ensure MACA is meeting initial goals/estimates/projections
  - Prior to next FY/Grant Year Application Budget submission
    - Reassessment of prior award period to ensure MACA is meeting initial goals/estimates/projections

<sup>3</sup> If MACA development and implementation can be accelerated, for example – suitable MACA is in place with applicable requirements met, then grantees are free to use MACA for the remaining award period.



# General Timeline

- Understanding that this is a new approach, there will be bugs and nuances to workout and tweaks needed to ensure MACA meets the overall intent of providing assurance that administrative cost are allowable, allocable, and reasonable costs of operating a program under the Supportive Services grant - the initial grant year (FY 2021) will be the “trial run”
- During the FY 2022 audit cycle, the MACA’s developed and implemented for FY 2021 will undergo the standard audit review work with any issues or challenges highlighted and discussed with the grantees to ensure MACA is working as intended. With the intent to have MACA well established and fully implemented subject to standard audit protocols by FY 2023
- In the interim, OBO will:
  - Establish a specific email box directly supporting the SSVF MACA
  - Work with the SSVF Compliance Team to review and assess participant MACA’s
  - Work with the SSVF Compliance Team to schedule additional webinars or other training opportunities as necessary



# MACA Summary Workbook - Example

Modified Admin Cost Approach (Example)															
XYZ Grantee															
for the period January 1, 2020 through December 31, 2020															
Organizational Data															
Total Budget (Org):	\$10,000,000	Total Major Programs:	5	Total Check Issued	6500	Total Facilities Sq./Ft	6200	Total XXXX (Org):	123						
Total Award (SSVF):	\$ 1,500,000	Total Federal Awards:	5	Total Check Issued	1200	Total Facilities Sq./Ft	450	Total XXXX (SSVF):	123						
SSVF % of Overall:	15%	Total Employees (Org)	100	Total IT Devices (Org):	200	Total Invoices (Org):	7000	Total XXXX (Org):	123						
Total SSVF Admin Cost Allowed:	\$ 150,000	Total Employees (SSVF):	10	Total IT Devices (SSVF):	15	Total Invoices (SSVF):	120	Total XXXX (SSVF):	123						
Approved SSVF Budget Administrative Cost		Indirect			Drivers (examples) Highlighted cell indicate driver used to determine GA/GE Allocation Rate										
Qualified General Administration and General Expenses (GA/GE)	Total	Allowable	Unallowable (less)	Direct Cost (less)	GA/GE Allocable to SSVF	Headcount	Checks Issued	Invoices Processed	Blended Rate	Payroll	Facilities - Square Feet	Devices	Reporting	Total Programs / SSVF	Other Activities
Indirect Personnel costs															
CEO	\$ 145,000	14,500	-	-	14,500	10%				10%				2%	
CFO	\$ 125,000	10,367	-	-	10,367		18%	2%	8%	10%			3%	2%	
Director	\$ 105,000	10,500	-	-	10,500									10%	
Fiscal Staff	\$ 300,000	24,882	-	-	24,882				8%						
Supervisor Accountant	\$ 85,000	8,550	-	-	8,550		18%	2%	10%	10%					
Accountant - Account Payable	\$ 45,000	8,308	-	-	8,308		18%								
Accountant - Accounts Receivable	\$ 45,000	771	-	-	771			2%							
Human Resource Staff	\$ 55,000	5,500	-	-	5,500	10%				10%					
IT Staff	\$ 55,000	3,575	-	-	3,575	10%			8%			7%			
GA/GE Supplies	\$ 25,000	2,515	-	-	2,515	10%	18%	2%	10%						
GA/GE Communication (Telephone/Cell)	\$ 46,200	4,004	-	-	4,004							9%			
GA/GE Facilities (Rent/Lease/Utilities/Maint)	\$ 26,400	1,916	-	-	1,916						7%				
GA/GE Insurance	\$ 8,500	733	-	-	733	10%			9%		7%				
GA/GE "Other applicable expenses"	\$ -	-	-	-	-										
GA/GE "Other applicable expenses"	\$ -	-	-	-	-										
<b>Total Direct and Indirect Costs</b>	#####	#####	\$ -	####	#####										Actual Admin Cost:
Total Allowable Admin Cost (Org)					#####										Monthly Projected Admin Cost:
															Monthly Projected Difference:
<b>Admin Cost % Max</b>	<b>10.00%</b>														
<b>10% Total of award eligible for Admin</b>	\$ 150,000														
<b>Monthly Projected Admin Cost (if full)</b>	\$ 12,500	<b>Monthly Projected Actual</b>	\$ 8,010												
<b>Total Allowable Admin Cost (support)</b>					#####										
<b>Total Allowable Admin Cost (to date)</b>					#####										
<b>If positive - Potential Funds available for other S</b>					\$ 421										



# Questions & Discussion

Questions?



# Key Points Of Contact

- Grants Service Audit Team:
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