

June 29, 2010

**CHIEF FINANCIAL OFFICER MEMORANDUM NO. 03 (2009-2010)**

**SUBJECT: COST ANALYSIS REQUIRED BY SECTION 216.3475**

Section 9 of Chapter 2010-151, Laws of Florida, amended Section 216.3475, Florida Statutes. Each agency is now required to maintain records to support a cost analysis for service agreements executed on or after July 1, 2010, which are awarded on a noncompetitive basis. Detailed budgets are required to be submitted by the person or entity awarded funding in excess of Category II and must be reviewed by the agency. The attached Cost Analysis form and instructions are to be used to document an agency's review of the detailed budget. If an agency already has an existing form which it desires to use, the form must be submitted to the Bureau of Auditing for review and approval.

The completed cost analysis is to be maintained in the contract manager's contract file. The cost analysis form is required to be submitted to the Bureau of Auditing when submitting agreements with a value of \$1 million or more. See CFO Memorandum No. 1 (07-08).

This memorandum supersedes the requirements related to Section 216.3475, F.S., set forth in Chief Financial Officer Memorandum No. 4 (05-06).

Please contact Cheri Greene at 850-413-5593, [Cheri.Greene@myfloridacfo.com](mailto:Cheri.Greene@myfloridacfo.com) or Marie Walker at 850-413-5679, [Marie.Walker@myfloridacfo.com](mailto:Marie.Walker@myfloridacfo.com) if additional information is needed.

**COST ANALYSIS FOR NON-COMPETITIVELY PROCURED AGREEMENTS IN  
EXCESS OF CATEGORY II**

Line Item Budget Category	Amount	% Allocated to this Agreement	Allowable	Reasonable	Necessary
Salaries					
Fringe Benefits					
Equipment					
Utilities					
Travel					
Miscellaneous					
Indirect cost/overhead					
<b>TOTAL</b>					

**CERTIFICATION**

I certify that the cost for each line item budget category has been evaluated and determined to be allowable, reasonable, and necessary as required by Section 216.3475, Florida Statutes. Documentation is on file evidencing the methodology used and the conclusions reached.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

**COST ANALYSIS INSTRUCTIONS FOR NON-COMPETITIVELY PROCURED  
AGREEMENTS IN EXCESS OF CATEGORY II**

1. Agencies must complete a cost analysis worksheet for the original contract and any amendment that affects the amount of compensation and/or the level of services provided.
2. Each separate line item must be evaluated to determine whether the cost is allowable, reasonable and necessary. Each miscellaneous cost must be specifically identified.
3. To be allocated to a program, a cost must be related to the services provided. If the cost benefits more than one program, a determination must be made that the cost is distributed in a reasonable and consistent manner across all benefiting programs.
4. To be allowable, a cost must be allowable pursuant to state and federal expenditure laws, rules and regulations and authorized by the agreement between the state and the provider.
5. To be reasonable, a cost must be evaluated to determine that the amount does not exceed what a prudent person would incur given the specific circumstances.
6. To be necessary, a cost must be essential to the successful completion of the program.
7. Indirect costs/overhead should be evaluated to determine that the rate is reasonable.
8. Agencies must retain documentation in agency files to support the conclusions reached as shown on the *Cost Analysis for Non-Competitively Procured Agreements in Excess of Category II* form.