

## 4.03 OPERATING EXPENSES

### MAJOR OBJECT 300 – OPERATING EXPENSES

This major object includes the cost of supplies, commodities, services, travel, or manufactured articles that are used in current operations. This major object also includes minor equipment and furniture, as well as other articles not meeting the criteria set forth in Major Object 400, Fixed Assets.

Any expenses entered in the following minor objects must be substantiated by invoices, canceled checks, contracts or other means of documentation that are readily available for review at BDAP's option.

#### 301 - MEETING and CONFERENCE EXPENSES

Charge to this category total meeting costs incurred by the SCA and its Board, excluding travel and advertising. This would include the cost of meetings related to conducting the business of the SCA, as well as sponsoring of conferences and training events by the SCA. Examples may include room rental, equipment rental, and food services.

#### 302 -CONSULTANT EXPENSES

Charge to this category the cost incurred for all consultants hired on a limited term basis for administrative services. Include the total cost of consultants or other specialized and professional administrative services subcontracted or purchased, such as attorneys, auditors, accountants, management analysts and research analysts. Travel and lodging expenses incurred by the consultant are eligible under this category and are reimbursed by State standards as explained in Minor Object 312 - Staff Travel.

#### 303 -MISCELLANEOUS PERSONNEL EXPENSES

Charge to this category the cost of administrative personnel that are hired on a temporary basis and do not appear on the Roster of Personnel (Form 313). Examples may include replacements for any leaves of absence and student interns. If temporary staff is approved for travel, the expense should be charged under Minor Object 312 - Staff Travel.

#### 304 -OCCUPANCY EXPENSES

**All direct costs for the following expenses may be charged to this category.**

1. Rent for an office or other space occupied by the facility. No rental charge may be made for offices in County-owned buildings that are debt-free. D&A rental will be pro-rated when offices or space is in buildings rented by local authorities for purposes other than D&A functions. An agency must be able to demonstrate, upon request from BDAP, that the cost of space per square foot is based on a fair market value for the surrounding area.

2. Utilities include heating fuel, sewage, water, gas, electricity, etc.
3. Housekeeping Services and Supplies include all supplies used in the performance of general housekeeping and grounds care services, or the cost of contracting out those services.
4. Building Repairs and Maintenance include minor building repairs, maintenance, repairs and maintenance to heating, ventilation and air-conditioning units. Repairs are defined as work done to maintain the existing structures and equipment.
5. Minor Renovations are considered to be the adaptation of available space and do not include construction cost for additional space. Minor renovations are those at a cost of less than \$10,000. Three formal, written bids are required on all contracted renovations and the lowest bid must be accepted, unless otherwise justified. Bids must be in accordance with the process described in Section 3.07 - Fixed Asset Management Guidelines. All bids must be kept on file.
6. Insurance includes building, content, fire and liability insurance costs.

### 305 - INSURANCE

Charge to this category any insurance not covered under Minor Object 304 - Occupancy Expenses and Minor Object 317 - Motor Vehicle Maintenance Expense. Examples include professional liability, directors' and officers' insurance, and fidelity bonds.

### 306 - COMMUNICATIONS

Charge to this category the costs of telephone service (including installation), postage, advertising, marketing, pagers, cell phones, web sites, internet services, printing, duplicating and parcel service.

### 307 - OFFICE SUPPLIES

Charge to this category the cost of all expendable items that are normally consumed within one year and used in the day-to-day operations of an office. Some examples are pens, pencils, paper, calendars and tape.

### 308 - MINOR EQUIPMENT AND FURNITURE

Charge to this category items with a useful life of more than one year and a unit cost of less than \$5,000. Examples may include: fax machines, copiers, computers and computer-related equipment, software, tables, desks and chairs.

### 309 - MEDICAL SUPPLIES AND DRUGS

Charge to this category the cost of all medical supplies and drugs used in the treatment of clients.

### 310 - FOOD AND CLOTHING

Charge to this category the cost of necessary food and clothing used by D&A clients. Also, charge all costs associated with specialized or professional food preparation and food delivery services.

### 311 - PROGRAM SUPPLIES

Charge to this category the cost of supplies purchased for activities related to rehabilitation or recreational purposes. Also included are supplies used in client training and education services. Some examples are books, periodicals, games, videos, tapes, creative supplies and drug testing kits.

### 312 - STAFF TRAVEL

Charge to this category the cost of business-related staff travel. Include allowances for meals, lodging, and other related expenses.

The SCA shall be bound by the terms and conditions regarding travel, lodging and subsistence rates as set forth by the Commonwealth of Pennsylvania in the Office of Administration's Management Directive 230.10, Rev. 11/01/00 and any subsequent revisions thereto. If the lodging rates set by the Management Directive are not available to the SCA, the lowest price available through 3 telephone bids will be acceptable. However, if prevailing county travel policies provide for reimbursement of travel, lodging and subsistence costs at a lower rate than the state rate, then the lower rate shall govern. If prevailing collective bargaining unit policies provide for reimbursement of these items at a different rate than the state or county rate, then the terms of the bargaining unit shall prevail. If the employee attends a D&A conference or training event where the hotel is the site of the event, then the reimbursement rate for lodging costs incurred for attendance at the event shall take precedence over both the Management Directive rate and the county rate. In those instances when lodging cannot be secured within the established lodging rate allowance, employees may exceed the allowance if written justification is provided on the travel form (e.g., closest lodging facility to work site – next hotel 25 miles away; no rooms available at hotel with lowest rate; inclement weather; lateness of hour).

No subsistence payments shall be made to the employee for non-overnight travel, except as specifically provided for in labor agreements.

All employee travel reimbursement must be approved and signed by a duly designated SCA executive, official or supervisor. Copies of all authorized expense reports (travel vouchers) must be on file for auditing purposes. These reports must be signed by the employee and must show the purpose of travel, departure and destination points, actual miles traveled each day, and expenses incurred, such as parking, meals, lodging and tolls. Itemized receipts for travel and subsistence must be on file to support reimbursement.

Allowances for the reimbursement of subsistence costs incurred by the SCA are not flat allowances; only amounts actually expended may be claimed.

Management Directive 230.10 may be accessed via the internet at <http://www.oa.state.pa.us> under Policies and Procedures, Management Directives.

### 313 - CLIENT TRANSPORT

Charges to this category include actual miles traveled, parking, tolls, meals and expenses incurred or fees paid to an outside agency for the transportation of D&A clients. Accurate and up-to-date records must be maintained, reviewed and approved by the director or designee if transportation services are provided by the SCA.

### 314 - PURCHASED CLIENT-ORIENTED SERVICES

Charge to this category the cost incurred from the purchase of client-oriented services, such as medical care, laboratory services, psychiatric services and interpreter services.

### 315 - EQUIPMENT MAINTENANCE EXPENSE

Charge to this category the cost of maintenance agreements and repairs to all types of office or medical equipment.

### 316 - EQUIPMENT LEASES

Charge to this category the cost of all equipment leases.

### 317 - MOTOR VEHICLE MAINTENANCE EXPENSE

Charge to this category the cost of maintenance to motor vehicles used in the performance of official D&A Program activities (e.g., repairs, insurance, inspection, tires, gas, oil and lubrication).

### 318 - MOTOR VEHICLE LEASES

Charge to this category the cost of motor vehicle leases.

### 319 - OTHER OPERATING EXPENSES

Charge to this category operating costs that cannot properly be recorded in the other minor expense objects. All costs in this category should be documented and held to a minimum.

### 320 - INDIRECT COSTS

Charge to this category costs for supportive activities that are necessary to maintain the direct effort involved in providing the services. BDAP participation in county indirect costs will not exceed 2.0% of the amount reimbursed by BDAP for the county program (page 1 of Form 34). This percentage does not apply to providers under contract with the SCA. A copy of the county's indirect cost plan must be maintained on file for review by BDAP.