

Kids Central, Inc. System of Care Policy & Procedure

Series: Finance, Accounting and Contracts

Policy Name: Cost Analysis

Policy Number: 908

Origination Date: 12/10/10

Revision Date:

Authority:

Policy:

It is the policy of Kids Central, Inc. to conduct a detailed cost analysis for all programs and services that exceed a minimum dollar threshold of \$ 50,000 prior to the execution of a new subcontract and or when a subcontract substantially changes. The analysis will ensure that submitted proposals/budgets are appropriate. In this regard, procedures will be in place to address the following:

- The subcontract cost analysis will include, at a minimum:
 - Review of each major expense category (Salaries, Benefits, Operating, and Indirect)
 - Review of the ratios/percentage of the budget/cost dedicated to each category
 - Review of the costs as reasonable and necessary
 - Review of the costs as allowable
 - Compatibility of expenses to fund source(s) to be utilized
 - Review of previous costs (prior year or current year) for similar services (where possible)
 - Review of market conditions for similar services (where possible)
- The nature of the analysis may differ depending on the nature of the services to be delivered and/or fund source(s) to be used.
- The cost analysis will only be a factor in the deciding whether a new subcontract will be granted to a provider.
- The completed cost analysis will be kept in either a procurement file or with the granted subcontract documents.

Approved By:

Cynthia A. Schuler, Chief Executive Officer

Date