**COUNTY OF LOS ANGELES – DEPARTMENT OF PUBLIC HEALTH**

**SUBSTANCE ABUSE PREVENTION AND CONTROL**

 **BUDGET NARRATIVE AND JUSTIFICATION FOR CONTRACTED SERVICES**

**FISCAL YEAR 20XX - 20XX**

Contracted Agency Legal Name: ­­­­­­­­­­­­­­­­­\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

The budget narrative and justification in addition to the Budget Summary is intended to explain in details the need for each line item in the budget, as well as to show the breakdown of calculations used to arrive at the amount in each line of the budget.

**DEFINITION OF “DIRECT COST” AND “INDIRECT COST”**

**DIRECT COST:** Costs that can be identified specifically with a particular final cost objective (2 CFR, § 200.413). Typical direct costs are the compensations of employees who provide treatment, their related fringe benefits costs, the costs of materials and other items of expense incurred for treatment.

**INDIRECT COST:** Costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective (2 CFR Part 230). Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of cost which may be classified as indirect cost in all situations (2 CFR, § 200.414). However, typical examples may include depreciation, cost of operating and maintaining facilities, general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, accounting and utilities.

**PART I: BUDGETED DIRECT COSTS**

1. **Salaries/Wages & Employee Benefit**
2. Salaries and Wages. List each/multiple DIRECT position(s) that pertain to the programs. Also, provide a justification and description of each position (including vacant positions). Relate each position specifically to cost objective (program).



**Sample Justification**

**Program Manager**

This position directs the overall design and operation of a particular program. Responsible for overseeing the implementation of program activities, coordination with contractors and consultants, development of materials, and conducting meetings.

1. Employee Benefits. List all DIRECT employment related costs, such as Federal taxes, State taxes, Worker’s Compensation, health insurance, and retirement benefits.



1. **Facility Rent/Lease**

Provide the facility address, total budgeted amount and square footage for each program. Rent/Lease is usually INDIRECT cost, however, there could be exceptions, e.g. a room for ODF group meeting only.

1. **Equipment and/or Other Asset Leases**

Provide justification for the use of each DIRECT cost item and relate it to specific program. List equipment having a useful life of more than 3 years and having an acquisition cost of $5,000 or more per item.



1. **Services and Supplies**

Include the DIRECT cost of services and supplies, e.g., counselor fees, office supplies, printing, maintenance, computers, and other misc. supplies.

**Supplies**



**Sample Justification**

DIRECT office supplies cost related to specific programs. 2,000 pamphlets printed in Spanish advertising the services available for NTP will be kept in stock and distributed to communities, health and mental health clinics (describe how pamphlets are related to the programs).

**Services**



**Sample Justification**

Counselor/Physician Fees is appropriate when hiring an individual to give professional advice or services for a fee but is not an employee of the company.

**PART II: BUDGETED INDIRECT COSTS**

1. **Salaries/Wages & Employee Benefit**
	1. Salaries and Wages. List each/multiple INDIRECT position(s) and provide a justification and description of each position (including vacant positions).



**Sample Justification**

**Finance Director**

This position directs the overall design and operation of the organization. Responsible for overseeing the implementation of all financial activities.

* 1. Employee Benefits. List all INDIRECT employment related costs, such as Federal taxes, State taxes, Worker’s Compensation, health insurance, and retirement benefits.



1. **Facility Rent/Lease**

Provide the facility address, total INDIRECT budgeted amount for square footage that cannot be allocated to specific programs.

Note: Rent/Lease is usually INDIRECT cost and cannot be allocated to a specific program.

1. **Equipment and/or Other Asset Leases**

This expense is usually INDIRECT cost. Provide justification for the use of each INDIRECT cost item that cannot be allocated to a specific program. List equipment having a useful life of more than 3 years and having an acquisition cost of $5,000 or more per item.



1. **Services and Supplies**

Include the INDIRECT cost of services and supplies, e.g., general office supplies, utilities, Internet, travel, and other misc. supplies that cannot be allocated to specific programs.

**Travel**



**Sample Justification**

Executive Director will travel to Sacramento on [dates] to attend the Annual CDC Meeting.

**PART III: Total Income / Revenue**

Enter amounts for #9-13, Total Income/Revenue should equal to Total Budgeted Expenses.

Note: SAPC Contract Amount may be different from Total Income/Revenue or Total Budgeted Expenses when Client Fees, Private Funding, and Other Revenue are involved.