



BOARD Policy

Section:	Financial Services	BRD-0340-50
Title:	Support Services Allocation	020

1. PURPOSE

- 1.1** To define the process for allocating the costs of general administration (support service costs) for the Sunshine Coast Regional District (SCRD) to all budgeted functions within the SCRD on an equitable basis.

2. SCOPE

3. DEFINITIONS

- 3.1** “**Direct Costs**” means the costs that can be specifically identified and assigned to a particular project or function relatively easily and with a high degree of accuracy.
- 3.2** “**Indirect Costs**” means those costs incurred that cannot be identified readily and specifically with a particular project or function.
- 3.3** “**Support Services**” includes the following functions:
- a) Administrative Expenses
 - i. Liability Insurance and Legal Fees
 - ii. Photocopier and Reception
 - iii. Mail and Records Management
 - iv. Corporate Communications and Engagement
 - v. Chief Administrative Officer
 - b) Financial Management
 - i. Asset Management
 - ii. Financial Services
 - iii. Payroll
 - iv. Purchasing and Risk Management
 - c) Field Road Administrative Offices Building Maintenance
 - d) Human Resources
 - e) Information Services
 - f) Corporate Sustainability Services
 - g) Property Information and Mapping Services (PIMS)/Geographical Information Systems (GIS)
 - h) Mason Road Works Yard
- 3.4** “**Net Operating Budget**” means the total operating expense budget for each function of the SCRD, exclusive of Internal Recoveries, Support Services, Support Services Recovery, Interest on Long Term Debt, Member Municipality Debt Payments, and Amortization Expense.



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3.5 “Tangible Capital Assets” means assets that are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance, or repair of other tangible capital assets; have useful economic lives extending beyond an accounting period; are to be used on a continuing basis; and are not for sale in the ordinary course of operations.

3.6 “Recoverable Costs” means the total current year budget less any offsetting revenues.

4. POLICY

4.1 The SCRDC will allocate all costs incurred in relation to a particular service to that service. This includes the cost of administration attributable to that service.

4.2 Principles:

- a) Fairness – functions should pay for the administrative services they consume.
- b) Transparency – it should be clear what administrative services a function pays for and the amount for those services.
- c) Consistent and equitable application.
- d) Application of generally accepted accounting principles.
- e) Ease of administration.
- f) Easily understood by the Board, administration, and service participants.

4.3 Allocation Method:

- a) Where costs can be identified as direct costs, they will be budgeted and charged to the function or project to which they apply.
- b) Overall Allocation
 - i. Fifteen percent (15%) of the total recoverable costs for all support service functions will be allocated proportionately to all functions, based on the function's prior year net operating budget. This allocation is in recognition that all functions receive a benefit from support services that may not be recognized in the allocation method utilized.
- c) Liability Insurance and Legal Fees
 - i. Liability Insurance and Legal Fees are included in function 110 and will be allocated proportionately to individual functions, based on the function's prior year net operating budget.
- d) Photocopier and Reception
 - i. Includes the cost associated with the photocopiers and reception for the Field Road Administrative Building. The recoverable costs of this function will be allocated proportionately, based on the square footage of office space assigned to each department.



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- e) Mail and Records Management
 - i. The costs for mail and records management are included in function 110 and will be allocated proportionately to individual functions, based on the function's prior year net operating budget.
- f) Corporate Communications and Engagement
 - i. Includes all costs associated with providing advertising, media and communications and engagement for the SCRD. The recoverable costs for function 110 will be allocated based on prior year's historical use.
- g) Chief Administrative Officer
 - i. Includes the staffing and related costs to provide core administrative oversight to the SCRD. The recoverable costs for this function will be allocated proportionately to individual functions, based on the function's prior year net operating budget.
- h) Asset Management
 - i. Includes costs associated with the development, implementation, and ongoing operation of the Corporate Asset Management Plan and Program, which ensures that all corporate capital assets/infrastructure are operated and maintained to optimize life cycle costs and that there are long term financial strategies in place for their end-of-life replacement. The recoverable costs for function [111] will be allocated proportionately, based on prior year's historical cost value of the "Tangible Capital Assets" (excluding land or work-in progress) managed by each individual function.
- i) Financial Services
 - i. Includes the staffing and related costs to provide core financial services to the SCRD. The recoverable amounts of this function, excluding costs associated with payroll, will be allocated proportionately to individual functions, based on the function's prior year net operating budget, excluding the cost of wages and benefits, multiplied by the usage factor. The usage factor is a ratio from 1 to 3 that reflects the draw on financial resources by a particular service.
 - ii. The recoverable amount associated with Payroll will be allocated proportionately to individual functions, based on the function's prior year wages and benefits budget.
- j) Payroll
 - i. The recoverable amount associated with Payroll will be allocated proportionately to individual functions, based on the function's prior year wages and benefits budget.
- k) Purchasing and Risk Management
 - i. Includes costs associated with providing the support for procurement of goods and services and risk management for the SCRD. The recoverable costs will be allocated based on prior year's historical use with a portion for general benefit to the organization.



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- l) Field Road Administrative Offices Building Maintenance
 - i. Includes the cost of maintenance, utilities and debt costs associated with the Field Road Administrative Building. The recoverable costs of this function will be allocated proportionately, based on the square footage of office space assigned to each department.
- m) Human Resources
 - i. Includes the Human Resources' staffing costs, legal fees, and corporate training. The recoverable costs will be allocated proportionately to individual functions, based on the function's prior year wages and benefits budget.
- n) Information Services
 - i. Includes costs of providing computer hardware and software, telephones, network connectivity, and support for all users at the SCRD. The recoverable costs of this function will be allocated based on the following methods:

IS Service	What Is Apportioned	Apportionment Basis
Software used by specific users	Total annual costs for specifically identified software (e.g. Cityworks, Tempest, Stone Orchard)	The ratio of the active users of that software over the prior year, except for Cityworks, which is to be apportioned based on prior year's historical cost value of the "Tangible Capital Assets" (excluding land or work-in progress) managed in Cityworks.
Software used by all SCRD Users	The total annual costs of all software used by all SCRD users (e.g. Unit4 ERP, Microsoft 365)	Distributed based on the allocation of Microsoft 365 licenses to users.
General User Support and Access to Networks and Systems	All remaining recoverable costs after the above apportionments are calculated	Weighted headcount (based on each user with system access representing an equal share, apportioned for each user based on where that user is funded from)

- o) Corporate Sustainability
 - i. Includes costs to support the SCRD's corporate climate adaptation and sustainability initiatives.
 - ii. The recoverable costs for this function will be allocated proportionately to individual functions, based on the function's prior year net operating budget. When a sustainability project is undertaken that is of regional nature, the costs of that project will be recovered by way of direct taxation.



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p) Property Information and Mapping Services (PIMS)

- i. Includes costs associated with providing core spatial data services, systems, and mapping for the SCRD. The recoverable costs for function 506 will be allocated based on the following:

Services	Cost recovery allocation basis	Percent of Budget
General Administration/Overall	40% overall	40%
Tempest-Land Management	Apportioned based on the number of users of the software	10%
Cityworks (Enterprise Asset Management)	Apportioned based on the number of users of the software	30%
Project based	Only 20% of the budget will be reserved / apportioned to projects and reviewed annually	20%

q) Mason Road Works Yard-

- i. Includes the cost of maintenance, utilities and debt costs associated with the Transit/Fleet Building. The recoverable costs will be allocated proportionately, based on the square footage of site occupied by each department.

4.4 Five-Year Plan Allocation

- a) Budget Years 2 through 5 of the five-year financial Plan will be based on the Year 1 (current budget year) allocation, adjusted for any significant changes in individual operating plans.

4.5 New Services

- a) A new service with no base year will be allocated a support services charge based on a projected budget amount or a charge as set by the Chief Financial Officer.

4.6 Review

- a) In the fall of each year, as part of the base budget process, each function's allocations are updated according to the policy, and the changes are applied. This may result in an increase or decrease to the respective functions support service cost for the following year.
- b) As part of the annual budget process, recommendations to amend the policy may be made which apportion support costs in an equitable manner.

5. AUTHORITY TO ACT

- 5.1 The Chief Financial Officer will administer the allocation of all support services consistent with this policy.



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6. REFERENCES (Bylaws, Procedures, Guiding documents)

- 6.1 Debt Management
- 6.2 Asset Management
- 6.3 Financial Planning
- 6.4 Financial Sustainability
- 6.5 Feasibility Study Finding

Approval Date:	November 25, 2010	Resolution No.	484/10 Rec. No. 5
Amendment Date:	February 14, 2013	Resolution No.	048/13 Rec. No. 1
Amendment Date:	December 12, 2013	Resolution No.	577/13 Rec. No. 3
Amendment Date:	December 11, 2014	Resolution No.	579/14 Rec. No. 8
Amendment Date:	December 10, 2015	Resolution No.	443/15 Rec. No. 5
Amendment Date:	December 8, 2016	Resolution No.	452/16 Rec. No. 3
Amendment Date:	December 13, 2018	Resolution No.	340/18 Rec. No. 3
Amendment Date:	January 9, 2020	Resolution No.	004/20 Rec. No. 2
Amendment Date:	November 26, 2020	Resolution No.	381/20 Rec. No. 10
Review Date:	July 28, 2022	Resolution No.	192/22 Rec. No. 5
Amendment Date:	June 8, 2023	Resolution No.	141/23 Rec. No. 10
Amendment Date	December 14, 2023	Resolution No.	376/23 Rec. No. 17
Review Date:	July 11, 2024	Resolution No.	209/24 Rec. No. 10
Review Date:	June 26, 2025	Resolution No.	178/25 Rec. No. 25