

MEMORANDUM

TO: Business Managers, Treasurers, and Directors

FROM: Sarah Henry, Fiscal Analyst, Office of School Finance

DATE: April 2, 2018

SUBJECT: FY 2019 Indirect Cost Rates

The Office of School Finance is now accepting applications from Local Education Agencies (LEAs) eligible to receive FY 2019 Indirect Cost Rates. Entities, including school corporations and charter schools, that provided Form 9 financial information for FY 2017 are eligible to receive a restricted and an unrestricted indirect cost rate in FY 2019. New charter schools are eligible to apply but will be subject to the median rate.

If an LEA chooses to apply, the following must be emailed to icr@doe.in.gov:

- A signed Local Education Agency Delegation Agreement
- A copy of the most recent organization chart
- FY 2017 terminal leave, capitalized equipment, or subaward schedules (if applicable and available upon request)

The application window opened February 1, 2018 and closes June 30, 2018.

When the indirect cost rates are available for release, the Department will notify the LEA.

If you have questions regarding this memorandum, please contact me or Amy Pattison, Assistant Director, at icr@doe.in.gov.



DEPARTMENT OF EDUCATION

Dr. Jennifer McCormick
Superintendent of Public Instruction

Working Together for Student Success

MEMORANDUM

TO: School Superintendents, Charter School Sponsors, and Business Managers

FROM: Amy Pattison, Assistant Director, Office of School Finance
Sarah Henry, Fiscal Analyst, Office of School Finance

DATE: April 2, 2018

SUBJECT: Terminal Leave, Subawards/Subcontracts, and Capitalized Equipment Purchases

This memorandum provides an overview of the schedules that aid the Office of School Finance in identifying and tracking sub awards, capitalized equipment, and terminal leave payments.

The schedules were created as a result of a U.S. Department of Education (USDOE) review and approval of Indiana's methodology to determine Indirect Cost Rates (ICR). *If a Local Education Agency (LEA) does not wish to recover any indirect costs for federal grants and contracts, a schedule of terminal leave payments, sub awards, and capitalized equipment purchases is not necessary.* The Office of School Finance will assume an LEA that does not submit a schedule of terminal leave payments, sub awards, and capitalized equipment purchases does not have anything to report. Failure to accurately identify sub awards, terminal leave, and capitalized equipment purchases may jeopardize a LEA's ability to receive an ICR going forward.

Schedule of Terminal Leave: Payments made during the current year when employees retire or terminate employment. These payments are allowable in the year as a general administrative expense to all activities of the governmental unit or component. The total amount listed should be equal to the total amount coded under object 125 for the entire FY17 (July 1, 2016 – June 30, 2017)

This schedule requires an LEA to identify and track the following information regarding terminal leave payments:

- 1) The account the payment was made from
- 2) The job title of the employee receiving payments
- 3) The building or office the employee worked in
- 4) The name of the employee
- 5) The nature of the employee's activities (Were they classified as Direct or Indirect)
- 6) The amount of the payment(s) made to each employee

LEAs must submit the schedule of terminal leave payments for each 6 month period or acknowledge that there were no terminal leave payments incurred.



Schedule of Subawards/Subcontracts: An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract. The total amount listed should match the total amounts coded using objects codes 930+940 and/or 931+941 for the entire FY17 (July 1, 2016 – June 30, 2017).

This schedule requires an LEA to identify and track the following information regarding sub awards/subcontracts:

- 1) The account the contract was allocated to
- 2) The department the subcontract/sub award is going through
- 3) The name of the organization/vendor who is engaged in the contract with the LEA
- 4) The original subcontract/sub award amount
- 5) The period of performance
- 6) The annual expense for the sub award/subcontract for the most recently completed full year
- 7) The amount of each contract payment made exceeding \$25,000

LEAs must submit the schedule of sub awards/subcontracts for each 6 month period or acknowledge that there were no sub awards/subcontracts in existence during the period reported.

Schedule of Capitalized Equipment Purchases: Tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost which equals or exceeds the lesser of the capitalization level established by the non-Federal entity for financial statement purposes, or \$5,000. The total amount listed should match the total amount coded under object 735 for the entire FY17 (July 1, 2016 – June 30, 2017).

This schedule requires an LEA to identify and track the following information regarding the purchases of equipment which exceeds the lesser of the LEA's capitalization policy or \$5,000:

- 1) The account the purchase was made from
- 2) The object code associated with this purchase
- 3) The equipment type
- 4) The date of acquisition
- 5) The cost of the equipment
- 6) A description of the equipment

LEAs must submit the schedule of capitalized equipment purchases for each 6 month period or acknowledge that there were no purchases of equipment above the LEA's capitalization threshold or \$5,000.

Blank schedules are available for download in the Learning Connection > School Finance community > Files and Bookmarks > Indirect Cost Rate Program folder. Once completed, these schedules can be submitted via email to icr@doe.in.gov. Any questions regarding this Memo or the Indirect Cost Rate program may be directed to Sarah Henry or Amy Pattison at icr@doe.in.gov.



**LOCAL EDUCATION AGENCY
DELEGATION AGREEMENT**

Corporation Name _____

Corporation Number _____

This agreement confirms approval and acceptance of the methodology policy and procedures the Indiana Department of Education (State Education Agency "SEA") will use in establishing indirect cost rates for Indiana's Local Education Agencies (LEAs). These rates are for use in the award and management of Federal contracts, grants and other assistance arrangements governed by Federal Regulations 2CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and Education Department General Administrative Regulations (EDGAR) 34CFR parts 75.561 and 76.561 (b) and (c).

I hereby delegate to the State Superintendent of Public Instruction, or the designated representative, the authority to establish indirect costs rates for the above named school. These LEA rates will serve as the sole basis for budgeting and allocating indirect cost reimbursement under Federal Programs.

Additionally, I have certified and submitted the above-named school corporations Form 9, Biannual Financial Report, with the Department. The information submitted in the Form 9 is true and complete to the best of my knowledge and may be used as the basis for calculation of Indirect Cost Rates for the fiscal year specified.

This agreement covers the certification of FY 2019 indirect cost rates.

Dated this _____ day of _____, 20_____.

(Treasurer Signature)

(Treasurer Printed Name)

(Superintendent Signature)

(Date)

Please return the completed form and a copy of the school's organization chart via email to icr@doe.in.gov.

Schools that do not use Indirect Cost Rates are not required to return this form.

**Indiana Department of Education
 Schedule of Payment for Unused Leave each Department
 Fiscal Period July 1, 2016 through June 30, 2017**

Corp Number: _____

Corp Name: _____

| Account | Job Title | Location | Employee Name | Indirect Unused Leave Payment | Direct Unused Leave Payment | Total Unused Leave (Form 9 object 125 for FY17) |
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Indiana Department of Education
Schedule of Subcontracts/Subawards for each Department
Fiscal Period July 1, 2016 through June 30, 2017

Corp Number: _____

Corp Name: _____

| Expenditure Account to which the Contract was Allocated | Department through which the Subcontract/Subaward is going | Vendor/Organization Names | Original Subcontract/Subaward Amounts | Period of Performance | \$25,000 Contract Payments in Base Per Year (Form 9 objects 930+940) | Contract Payments in Excess of \$25,000 Total Exclusions (Form 9 objects 931+941) | Total Annual Expenditure for Subcontract /Subaward FY 2017 |
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