

	<b>INDIANA DEPARTMENT OF CHILD SERVICES</b> <b>TITLE IV-D POLICY MANUAL</b>	
	<b>Chapter 2: Funding</b>	<b>Effective Date: 09/08/2020</b>
	<b>Section 5: Cost Allocation Plan</b>	<b>Version: 1.1</b> <b>Revision Date: 09/01/2020</b>

**BACKGROUND**

N/A

**POLICY**

Federal reimbursement is available for direct and certain indirect costs that a State incurs in operating a Title IV-D program. In order to be eligible for reimbursement of indirect costs, the state must file and receive approval of a cost allocation plan. The State may only claim reimbursement in accordance with the approved cost allocation plan.<sup>1</sup>

The cost allocation plan must:<sup>2</sup>

1. Describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency;
2. Contain sufficient detail to permit an informed judgment on the correctness and fairness of the State’s procedures for identifying, measuring, and allocating all costs to each of the programs;
3. Conform to the accounting principles and standards prescribed in 2 C.F.R. § 200, and other pertinent regulations and instructions;
4. Be compatible with the Title IV-D State Plan;
5. The cost allocation plan shall contain the following information:
  - a. An organizational chart showing the placement of each unit whose costs are charged to the programs operated by the State agency;
  - b. A listing of all federal and all non-federal programs performed, administered, or serviced by these organizational units;
  - c. A description of the activities performed by each organizational unit and, where not self-explanatory, an explanation of the benefits provided to federal programs;
  - d. The procedures used to identify, measure, and allocate all costs to each benefiting program and activity (including activities subject to different rates of Federal Financial Participation (FFP));
  - e. The estimated cost impact resulting from the proposed changes to a previously approved plan;
  - f. A statement stipulating that wherever costs are claimed for services provided by a governmental agency outside the State agency, that they will be supported by a written agreement including, at a minimum:
    - i. The specific service(s) being purchased; and
    - ii. The basis upon which the billing will be made by the provider agency.

<sup>1</sup> 45 C.F.R. § 95.517

<sup>2</sup> 45 C.F.R. § 95.507

- g. If the public assistance programs are administered by local government agencies under a State supervised system, the overall State agency cost allocation plan shall also include a cost allocation plan for the local agencies; and
  - h. A certification by a duly authorized official of the State stating:
    - i. Information contained in the proposed cost allocation plan is prepared in conformance with Office of Management and Budget 2 C.F.R. § 200;
    - ii. Costs are accorded consistently through the application of generally accepted accounting principles appropriate to the circumstances;
    - iii. Adequate accounting and statistical system exists to support claims that will be made under the cost allocation plan; and
    - iv. Accurate information provides support of the proposed cost allocation plan.
6. Other necessary information establishing the validity of the procedures used to identify, measure, and allocate costs to all programs operated by the state agency.

Cost allocation plans are also applicable to the counties in claiming indirect costs.<sup>3</sup>

<b>REFERENCES</b>
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- [45 C.F.R. § 95.507](#): Plan requirements
- [45 C.F.R. § 95.517](#): Claims for Federal Financial Participation

<b>PROCEDURE</b>
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N/A

<b>FORMS AND TOOLS</b>
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1. [IV-D Expense Reporting and Reimbursement Complete Guide](#)

<b>FREQUENTLY ASKED QUESTIONS</b>
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N/A

<b>RELATED INFORMATION</b>
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N/A

<b>REVISION HISTORY</b>
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Version	Date	Description of Revision
Version 1	05/29/2015	Final Approved Version
Version 1.1	09/08/2020	Updated for consistent formatting and language,

<sup>3</sup> See Chapter 2: Funding, Section 2: Federal Financial Participation (FFP)  
DCS IV-D Policy Manual/Chapter 2: Funding  
Section 5: Cost Allocation Plan

		renumbered Section, updated hyperlinks.
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