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TO: WIB Fiscal Agents and Grant Recipients

FROM: Diana Gushrowski
Interim Deputy Commissioner/Controller
Indiana Department of Workforce Development

DATE: January 30, 2004

SUBJECT: DWD Policy 2003-27
Cost Allocation Plan Policy

RE: All Funding Sources Administered by DWD

Purpose:

To update the Indiana Department of Workforce Development's (IDWD) policy regarding cost allocation plans.

Rescissions:

DWD Policy #02-24, Cost Allocation Plan Policy

Content:

This policy is to issue guidance in the development and submission of a written Cost Allocation Plan (CAP) that identifies the methodology used by your organization to identify, accumulate and distribute allowable direct and indirect (joint) costs. The CAP must be consistent with generally accepted accounting principles (GAAP), applicable Office of Management and Budget (OMB) Circular Cost Principles, Federal and State Administrative requirements, the One-Stop Comprehensive Financial Management Technical Assistance Guide (see next paragraph), and be acceptable to independent auditors for satisfying the audit testing required under the Single Audit Act of 1984, Public Law 98-502, and the Single Audit Act Amendments of 1996, PL 104-156 (OMB Circular A-133).

The U.S. Department of Labor, Employment and Training Administration, released the One-Stop Comprehensive Financial Management Technical Assistance Guide (TAG) in July 2002. This TAG provides excellent guidance on the administrative and financial management requirements applicable to the One-Stop systems required by the Workforce Investment Act of 1998 (PL 105-277). In addition, the TAG includes guidance on Cost

Allocation and Cost Pooling in Chapter II-8 that provides a resource for preparation and/or update of your organizational CAP.

At a minimum, the Cost Allocation Plan should include:

- Organization chart that identifies all departments and types of services provided
- Description of the types of services provided for all revenue sources and cost objectives
- Description of the methods including identification of the bases used in distributing the expenses to benefiting cost objectives
- Certification by an authorized Grant Recipient official (i.e., CEO or CFO) that the CAP has been prepared in accordance with applicable Federal and State legislation and regulations.

Effective Date:

January 30, 2004

Review Date:

January 30, 2006

Ownership:

IDWD Analysis and Reconciliation Unit

Action:

Each Workforce Investment Board (WIB) Fiscal Agent (FA) must submit a copy of their current year Cost Allocation Plan to the Indiana Department of Workforce Development, Analysis and Reconciliations Unit, 10 North Senate Avenue, SE311, Indianapolis, IN 46204, **no later than September 30th** of each year. IDWD will review the submitted plan and issue a letter to the WIB FA indicating if the plan appears to be satisfactory.

It is the responsibility of the local WIB to ensure that a copy of the most current CAP is on file with DWD at all times.

For questions or further guidance regarding this policy, please contact Clay Jackson, Chief of Analysis and Reconciliations at (317) 232-7366.

cc: WIB Chairs
WIB Directors