



# Indiana Department of Child Services (DCS)

## Child Placing Agency (CPA)

### 2013 Cost Report Instructions

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# Child Placing Agency (CPA) Cost Report Instructions

## Introduction

The CPA Cost Report is a cost vehicle established by the Indiana Department of Child Services (DCS). Information obtained from this cost report is used to establish rates for the reimbursement of Title IV-E eligible costs for Title IV-E eligible children placed in Title IV-E eligible facilities, as well as establishing a payment rate for costs and services that may be made to child placing agencies as referenced in Rule 17. Rate Setting for Child Placing Agencies (465 IAC 2-17).

[http://www.in.gov/legislative/iac/iac\\_title?iact=465](http://www.in.gov/legislative/iac/iac_title?iact=465)

**A separate cost report format has been created for Residential Treatment Services Provider (RTSPs). The RTSP format was developed based on allowable costs and activities specific to their agency type. If you did not receive a RTSP cost report, and require one, please contact Todd Fandrei of DCS at (317) 234-5976 to receive the necessary documentation.**

In order to establish both an Indiana Title IV-E Claimable Rate and a DCS payment rate, participation in the CPA RMS and completion of the CPA Cost Report are requirements for all Indiana operators of public and private child placing agencies.

## CPA Cost Report Overview

The following sections offer an overview of the CPA cost reporting process, define common terms used throughout these instructions, and provide general guidelines for completing the cost report.

### COST REPORTING

Cost report should include all direct and indirect costs associated with the operation of the CPA. Costs included in the cost report can be grouped and/or categorized in several different ways:

- 1) Costs directly attributable to a program or facility may be charged in their entirety, for example, a staff person working within a single program or facility may have 100% of their time charged to that entity.
- 2) Costs not attributable to a single program, facility or activity must be distributed based on a documented allocation methodology, for example:
  - a. A staff person who spends a portion of their time working for several different agency programs or divisions should have their related cost allocated by some (substantiated and documented) methodology.
  - b. Staff that spend their time doing an assortment of activities such as training foster parents, helping license foster family homes, and other administrative functions, should be included in the RMS process and their cost allocated by the annualized results within the cost reporting process.

- 3) Administrative costs can either be categorized as direct or indirect. For a vendor who operates multiple programs, include administrative overhead costs under the “Indirect Costs” tab of the DCS Cost Report.

## **EXPLANATION OF COMMON TERMS**

To facilitate the completion of the cost report, cost related terms used throughout the instructions are defined and a brief explanation of their application is given.

### **Reported Cost**

For a cost to be included on the cost report it must meet the following general criteria:

- Be reasonable for the performance of the agency’s activities
- Be allocated consistently across all programs
- Be adequately documented

### **Reasonable**

As stated in 465 IAC 2-17-16 and 48 CFR Part 31 Section 201-3, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person in the conduct of competitive business.

### **Allowable vs. Unallowable**

Allowable costs are those costs that are generally considered eligible for federal reimbursement based on the cost principles established in Federal transmittals such as OMB Circular A-122 or A-87. Consult the appropriate OMB Circular or call DCS for clarification of any questions you may have.

A cost is unallowable for federal reimbursement based on established federal cost principles. Because a cost is considered unallowable it does not mean that the cost should not be included on the cost report. Costs that are not allowable based on federal guidelines should be placed in the [Unallowable] column on the cost report.

For a complete listing of federal allowable and unallowable costs, please refer to the following documents:

OMB Circular A-87: [http://www.whitehouse.gov/omb/circulars/a087/a87\\_2004.pdf](http://www.whitehouse.gov/omb/circulars/a087/a87_2004.pdf)

OMB Circular A-122: [http://www.whitehouse.gov/omb/circulars/a122/a122\\_2004.pdf](http://www.whitehouse.gov/omb/circulars/a122/a122_2004.pdf)

The cost report instructions are general, and do not supersede the above referenced federal publications.

### **Direct Cost**

Direct costs are those that can be identified specifically with a particular final cost objective, i.e., a particular program, service or other direct activity of an organization. On the cost report, direct costs are those costs that are directly incurred by the agency listed in the “VENDOR” section on the “Programs” tab.

## **Administrative Cost**

For the purposes of this report, administrative costs can be classified in one of the following two categories: administrative costs directly related to the placing of a child in a foster family home (Direct Administrative), and administrative costs related to the general operation of the agency, facility, or program (Indirect Administrative).

Those administrative costs related to general operation, and not directly attributable to the placing of a child in a foster family home, should be included as an indirect cost on the “Indirect Costs” tab of the cost report. An example of this type of cost may be a facility operating within Indiana that has executive level administrative staff located in another state.

Administrative costs that can be directly attributed to the placing of a child in a foster family home may be included on the “Personnel Costs” and “Program Costs” tabs of the cost report. Examples of these administrative costs may include: administrative staff providing programmatic or direct service supervision over child placement activities, payroll related costs, clerical support, and related occupancy costs.

## **Indirect Cost**

Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular final cost objective. After direct costs have been determined and allocated to a program or service, indirect costs are those remaining to be allocated to benefiting cost objectives. A cost may not be allocated to a program’s indirect cost section if that cost has been assigned to the program as a direct cost.

Because of the diverse characteristics and accounting practices of agencies, it is not possible to specify types of costs that may be classified as indirect costs in all situations. However, typical examples of indirect costs for many organizations may include:

- depreciation or use allowances on administrative buildings and equipment
- costs of operating and maintaining such facilities
- general administration and general expenses, such as the salaries and expenses of executive officers, general administration, human resources, finance, facilities management, management information systems, and fundraising/development
- management or administrative fees

## **Allocation Methodology**

Documentation and/or description of the procedures used to distribute costs, direct or indirect, to programs and to the direct service columns on the cost report are required. For example, a child caring agency operating two separate programs, may allocate incurred cost to these programs based on the total utilization (census days) for each program

When possible, costs should be allocated across the cost report direct service columns if there is clear delineation and documentation for the allocation. Examples of this type of allocation may include:

- Utilities paid for a child placing agency that does not include space provided for adoption/permanent placement services or counseling and therapy should be allocated completely to [Case Management].

- Utilities paid for a child placing agency that includes space for administration, counseling, and medical services, should be distributed across the appropriate direct service cost columns based on square footage for each type of space (i.e. [Administrative], [Behavioral Health], and [Medical]).

There are many reasonable ways to allocate costs across programs or activities. In general, the methodology you choose should fairly distribute costs based on all benefiting programs and/or activities.

### **Random Moment Sample (RMS) / Time Study**

A time study or RMS is a statistically based process to gather information from direct service child placement staff members on how they spend their time. The information collected will be used to distribute the cost of child placement staff.

### **Entities Covered by the Cost Report**

The CPA Cost Report is to be used in reporting actual costs incurred in the operation of a child placing agency. Providers shall complete one cost report for the CPA, regardless of the amount of locations.

### **Multi-Function and Parent Agencies**

Agencies operating facilities or programs in addition to those included in this cost report must allocate administrative costs across all benefiting entities. For instance, an agency that provides services to children and adults must allocate their administrative costs proportionately to each of these programs.

It is understood that multi-function agencies, or providers responsible to a parent agency, may incur indirect administrative costs. It is recognized that such indirect costs for multi-function agencies are necessary and allowable. Identification and allocation of indirect administrative costs to this report are addressed by the instructions for the “Indirect Costs” tab of the cost report.

### **Reporting Period**

Cost report must reflect actual costs incurred for the previous calendar year. An exception to this requirement is allowed only for a new facility that has been in operation for less than one year. Per 465 IAC 2-17-21(j), if the CPA has not been licensed, or operated a program for which an administrative payment is required, for a period of at least twelve (12) months before the cost report is due to the department, the CPA shall submit a cost report utilizing a comprehensive twelve (12) month operating budget for the new program at least ninety (90) days before the start of the program. The department will utilize its rate setting methodology as provided herein to establish an administrative payment for the new program. The cost report shall be in the form specified or approved by the department.

### **Record Retention**

Records used to complete the cost report must be retained for a minimum of three years from the end of the rate year for which the report is applicable. Records should include, but are not limited to:

- financial

- programmatic
- recipient records
- allocation methodologies

If any litigation, administrative review, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

As part of the CPA Rate process, DCS may conduct on-site audits of the financial and programmatic information used as the basis for the cost report(s). A report is generated for each audited cost report that addresses whether reported costs are adequately supported, allowable, reasonable, allocated appropriately, and eligible for reimbursement under Title IV-E as well as reasonable per 465 IAC 2-17.

### **Effective Date of Approved Rates**

For the purposes of the current cost reporting cycle, costs should be included for the period January 1, 2012 through December 31, 2012. These costs will be used to set both a Title IV-E Rate, as well as a DCS Payment Rate, that will be effective January 1, 2014. Report(s) need to be submitted to DCS no later than April 2, 2013.

### **General Guidelines for Completing the Report**

An agency should take special care to be accurate and consistent in reporting only costs for child placing agencies. If it is later determined that an approved rate was based on inaccurate information, the rate(s) will be recalculated.

An agency that operates more than one type of program (residential, day treatment, adoption, etc.) should have, and retain on file at the agency, a cost allocation methodology that fairly and equitably distributes the costs to each of the various programs.

### **COST COLUMNS / COLUMN HEADINGS (ACTIVITY DESCRIPTIONS)**

The cost report is broken down into columns that correspond to typical activities or services performed by child placing agencies. The following is an explanation for each of the columns that are utilized on the report.

#### **Total**

Total cost of an item, salary, or service for the reporting period. This column automatically calculates costs as they are allocated out amongst the remaining columns listed, i.e. [Administrative] through [Unallowable]. This is true in all sections except for §3.2 Fringe Benefits & Payroll Taxes, §5.1 Indirect Personnel, and §5.2 Indirect Operating, where you are to only include the total applicable cost; the allocation of this total is done for you by a preset methodology.

#### **Administrative**

This column is used to report costs that are necessary administrative and managerial functions of the child placement agency program. For salaries, this would include the cost of such positions as an executive director, intake coordinator, secretary, bookkeeper, accounting and payroll staff, and staff trainer.



## **Adoption**

This column is used for any activity related to the permanent placement of a child into an adoptive home.

## **Time Study**

This column is used only for costs included within §3.1 Salaries and Wages, and §3.3 Contracted Services sections of the cost report. This column should be used to report 100% of costs related to the following staff functions:

- staff performing recruitment and/or licensure of foster family homes
- staff responsible for the direct supervision and/or training of foster parents/staff
- staff performing case plan development and management activities
- staff performing placement of child into foster family homes/facilities

## **Case Management**

This cost column should identify costs of activities that are allowable foster care administrative costs necessary for the operation of the foster care program. Such activities include, but are not limited to:

**Child Placement Activities:** This includes costs of activities that are required for the placement of a child to the most appropriate setting (pre-placement, initial placement and subsequent placement).

**Foster Parent & Staff Training / Supervision:** This includes the cost of training and supervising foster parents and staff. Activities necessary for the provision of and/or participation in training (initial and ongoing) related to carrying out responsibilities, functions and duties as a foster parent in caring for children, and the supervision/support of foster parents and/or direct staff providing oversight to foster child placements.

**Recruitment & Licensure:** This includes the necessary costs involved in the recruitment and licensure of foster homes (including specialized foster homes).

**Case Plan Development & Management:** This includes the cost of developing or assisting in the development of the required case plan components under child welfare services. This includes Title IV-E Foster Care regulations that the Department of Child Services must meet.

## **Non IV-E (IL & Recreation)**

This column includes recreation costs that do not clearly substitute for the daily care and supervision of children. This column also includes costs to provide independent living services that are outside what would be normally provided during daily supervision. If independent living services costs is a part of the case plan for a child, it should be allocated to either [Time Study] (if personnel related), or [Case Management] (if not personnel related).

## **Behavioral Health**

This column is used to identify the cost of providing clinical behavioral health services for the child and child's family in order to meet the mental health and addiction treatment needs of the child. These services may include behavioral health counseling and therapy, Medicaid eligible or billed services, addictions counseling, case management related to behavioral health, crisis

intervention, medication training and support, skills training and development and other clinical services that are specifically related to the child’s behavioral health care needs.

### **Medical**

Medical refers to the cost involved in the administration of medical procedures that require individuals to carry out the procedures to be licensed under State law as medical professionals. *Examples:*

- diagnosing and evaluating a child’s health condition
- provision of medical services by a licensed medical professional
- assisting in implementing medical/health regimen

### **Education**

This cost column includes the provision of:

- traditional school based educational instruction
- tutoring or remedial educational assistance
- transportation school or related educational facilities

### **Unallowable**

Unallowable is used for those costs that are related to activities that are either (A) unallowable for federal reimbursement or (B) an expenditure that is deemed unallowable per 465 IAC 2-17-23(c).

**ONLY ENTER INFORMATION IN THE GREEN SHADED CELLS**

## **Programs**

### **REPORTING PERIOD**

This information is already identified for you. The reporting period for rates to be implemented January 1, 2014 is January 1, 2012 through December 31, 2012.

### **VENDOR**

This section identifies the entity that is on record as the recipient for payments made by DCS for services rendered.

**Vendor Name:** Enter the name of the agency that is on record with DCS as the vendor responsible for administering the program represented in this cost report.

**Street Address:** Enter the complete business address for the Agency listed in the “Vendor Name” box.

**City:** Enter the city for the Vendor listed in the “Vendor Name” box.

**State:** Select from the provided drop down list the state for the Vendor listed in the “Vendor Name” box.

**Zip Code:** Enter the zip code for the Vendor listed in the “Vendor Name” box.

**Telephone Number:** Enter the main telephone number for the Vendor listed in the “Vendor Name” box.

**Agency Type:** Select from the provided drop down list the appropriate agency type. A public operating agency is one that is operated by a local county governmental unit. All others must be either private tax exempt (Private / 501(c)(3)) or for-profit.

**Licensed Facility Type:** “Child Placing Agency” has been entered.

**Budgeted Cost Report:** Is the information contained in this report based on a budget, i.e. the program is new or has changed significantly since the last calendar year submission? If so, select “Yes”, if not select “No”.

**Federal Tax Identification Number / EIN:** Enter the federal tax identification number for the Vendor listed in the “Vendor Name” box.

**KidTraks Vendor ID:** Enter the KidTraks Vendor ID number for the Vendor listed in the “Vendor Name” box. “ST” has already been entered for you. If the first digit immediately following the “ST” is a “0”, make sure to include the “0”.

**I-Rate Cost Report ID:** This number can be obtained from the Indiana DCS Cost Report & Rate Analysis from the previous year, or by contacting the DCS Rate Setting Staff. This number will begin with “1000” and be followed by a four digit number, i.e. 10001111.

**Days of Operation:** The report is required to detail a full year of cost data, whether it be budgeted cost data, or actual cost data. Because of this, 366 should be listed in this box. Note: 2012 was a Leap Year, hence the 366 and not 365.

## §1.1 PROGRAMS

**Location:** Enter the location of each office for which your agency offers services out of.

**Category of Supervision Name:** The Child and Adolescent Needs and Strengths (CANS) assessment will assist DCS in determining the appropriate category of supervision when placing a child with a CPA. The below categories of supervision correspond to the CANS categories of supervision.

- **Foster Care (CANS Category 1):** This category is for a child with needs that can be met in a family and community based setting with access to school, friends, and resources.
- **Foster Care with Services (CANS Category 2):** This category is for a child who has a behavioral health need that requires intervention. In addition to foster care in the community, the child, family and foster family are supported with treatment and support services to address and manage identified behavioral health and developmental needs.
- **Therapeutic (CANS Category 3):** This category is for a child who has serious emotional disturbances, significant behavior health needs and functional impairments, or developmental or physical disabilities.

- **Therapeutic Plus (CANS Category 4 or higher):** This category is for a child who has behavioral health needs that qualify for treatment within a group home or residential setting but intensive therapeutic foster care services are available to meet the child’s behavioral health and developmental needs.

**2013 DCS Payment Rate:** Enter the daily rate for payment of services that has been, or will be billed to the Indiana DCS for each current category of supervision.

**Utilization:** Enter the actual number of service days (census days) foster care was provided at each category of supervision. *Example:* 15 children were placed and provided foster care for 100 days during the year. Utilization would equal 1,500 (15 children x 100 days).

**Payments to Foster Parents:** Enter total amount of payments made to foster parents for each specified location and category of supervision combination. Amount would equate to what the agency is paying out to foster parents to provide care for the children that are placed.

**Average Payment to Foster Parents:** This column will automatically calculate when identifying information in both the “Utilization” and “Payments to Foster Parents” columns. This column calculates the average daily rate paid to a foster parent.

## CONTACTS

**Name of Person Completing Report:** Enter the name of person completing the cost report. This individual should be the primary contact for which DCS Rate Setting Staff will direct all questions relating to the submitted cost report.

**Title:** Enter the title of the person identified in the “Name of Person Completing Report” box.

**Signature:** Include the signature of the “Name of Person Completing Report”. For electronic submission, re-type the name included in the “Name of Person Completing Report” box.

**Date:** Include the date in which the person completing the report has signed off on it. If submitting a revision to the report, make sure to update this box with the new completion date.

**Telephone Number:** Enter the telephone number of the person identified in the “Name of Person Completing Report” box.

**Fax Number:** Enter the fax number of the person identified in the “Name of Person Completing Report” box.

**Email Address:** Enter the email address of the person identified in the “Name of Person Completing Report” box.

**Name of Vendor Authorized Representative:** Enter the name of the chief executive officer or the authorized representative of the operating agency

**Title:** Enter the title of the person named in “Name of Vendor Authorized Representative” box.

**Signature:** Include the signature of the “Name of Vendor Authorized Representative”. For electronic submission, re-type the name included in the “Name of Vendor Authorized Representative” box.

**Date:** Include the date in which the person identified in the “Name of Vendor Authorized Representative” box has signed off on the report.

**Telephone Number:** Enter the telephone number of the person identified in the “Name of Vendor Authorized Representative” box.

**Fax Number:** Enter the fax number of the person identified in the “Name of Vendor Authorized Representative” box.

**Email Address:** Enter the email address of the person identified in the “Name of Vendor Authorized Representative” box.

**ROUND ALL COSTS AND REVENUES TO THE NEAREST DOLLAR**

## Personnel Costs

### §3.1 SALARIES AND WAGES

Section includes all salaries and wages (full and part time) paid for services rendered during the period for which the cost report has identified at the top of the “Programs” tab. Salaries of employees chargeable to more than one program must be supported by documentation maintained by the operating agency that shows an equitable and appropriate distribution of time and effort.

[Total] cost column is a calculation of the sum of costs and FTEs that are allocated amongst the eight (8) cost/revenue columns, i.e. [Administrative], [Adoption], [Time Study], [Non IV-E (IL & Recreation)], [Behavioral Health], [Medical], [Education], and [Unallowable]. When allocating costs to these columns, be sure to check your math so that the total that you are allocating equals the amount that is identified in the [Total] column.

Only personnel costs associated with the child placement program noted on the “Programs” tab are to be included. If staff members divide their time between child placement programs and other programs, report only that portion of salary attributable to the child placement program.

The value of volunteer services is not to be included on this cost report. Contract consultants and substitute or contract workers for whom no fringe benefits or taxes are paid are not to be included in this section. These costs are to be included in §3.3 Contracted Services.

#### Cost Entry

Select from the provided drop down list the appropriate job title for the position that corresponds with the position you are entering cost data. The positions listed within the drop

down list are fairly straight forward, but in the event that you cannot correlate your position to a position on the drop down list, contact DCS to clarify how your position should be entered. If a staff “wears multiple hats” for the agency, identify this staff on only one line entry and allocate the cost of this staff to the activity cost columns accordingly. Each position has a three letter prefix attached to it. The three letter prefix is included to make the search for the desired position easier. The following is a key explaining the three letter prefix:

ADM	General Administrative
BEH	Behavioral Health
DEV	Fundraising / Development
EDU	Education
FAC	Facilities Management
FIN	Finance
FSC	Food Services
HUM	Human Resources
MED	Medical
MGT	Senior Management
MIS	Management Information Systems
PGM	Program
VOC	Vocational / Religious

**\$ and FTE**

Enter the cost as it should be allocated to each of the cost columns, and its relative FTE (Full Time Equivalent); **(1 FTE = 2,080 hours worked in a year)**. For hourly employees, divide the total hours the position worked by 2,080 hours. For full-time, salaried employees, the FTE should equal 1.0000. The report will only show up to four (4) decimal places, and the I-Rate System rounds all FTEs to four decimal places. Example for calculating FTEs: Program employs a total of 4 full time Case Manager positions. Total hours worked for these 4 full time positions was 7,395 hours, and total compensation paid out to these 4 positions was \$105,000. For this position, 100% of the cost (\$105,000) would be allocated to the [\$] column of the [Time Study] column, with 3.5553 entered as the FTE (7,395 hours ÷ 2,080 hours per FTE).

Identical positions should be reported on the same line entry, and their costs totaled as one. See the Case Manager cost entry below.

Cost Entry	Total		Administrative			Adoption			Time Study		
	\$	FTE	\$	FTE	%	\$	FTE	%	\$	FTE	%
MGT - Executive Director	\$20,000	0.3333	\$20,000	0.3333	100%						
PGM - Case Manager	\$105,000	3.5553							\$105,000	3.5553	100%

**Examples:**

- An executive director administers both a child placing agency and a child caring institution and spends approximately 50% of his or her time at the placement agency and 50% at the child caring institution. Annual salary of \$100,000 is split \$50,000 (50%) for the child placing agency, and \$50,000 (50%) on the separate cost report for the child caring institution.

- Persons who act exclusively as management or administrative support for the child placement agency should have their entire salary listed in [Administrative]. Salaries of support or administrative staff who did not participate in the CPA RMS and whose function cannot be directly assigned to a direct service activity should be reported in this column. Examples include but are not limited to an Executive Director, Secretary, Bookkeeper, and Staff Development / Training.
- Costs of direct services staff that perform any activity relating to the permanent placement of a child into an adoptive home should be placed within the [Adoption] column.
- Costs of staff providing child placement services, case management and supervision of staff should be placed within the [Time Study] column.
- Staff costs of medical professionals, who are licensed under State law as medical professionals qualified to administer medical procedures or treatment are included within the [Medical] column.
- Costs of staff providing treatment and counseling services to children should be allocated to [Behavioral Health]. The purpose of such activities would be to ameliorate or remedy personal problems or behaviors which have been explicitly recognized in the case plan or plan of treatment for the individual child. Examples of positions allocated to this cost column might include a Therapist, Social Worker, and Counselor.
- Costs of staff related to the lobbying, fundraising, and/or research activities, or any other costs that are not Title IV-E Eligible or are considered unallowable per 465 IAC 2-17-23(c) should be allocated to the [Unallowable] column.

**Total**

This line is a total of costs and FTEs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Salaries and Wages to each of the cost columns is also noted within each column of this line.

**§3.2 FRINGE BENEFITS & PAYROLL TAXES**

Fringe benefits should be included in this section for those full and part time positions that were included in §3.1 Salaries and Wages. In this section, costs are only allocated to the [Total] column. Costs entered in this column are allocated to the activity cost columns by the allocated percentages that are identified on the “Total” line of §3.1 Salaries and Wages. A list of benefits has been provided. An additional line entitled “Other Fringe Benefits & Payroll Taxes” is provided for any cost that cannot be categorized into one of the lines provided. If a cost is entered in this line, a description of this cost is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

**Total**

This line totals the costs and FTEs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column.

### **§3.3 CONTRACTED SERVICES**

Contracted services are costs incurred and provided by outside agencies or persons not classified as an employee of the agency. This relates to a person or persons for whom no fringe benefits or payroll taxes are paid.

#### **Cost Entry**

Select from the provided drop down list the appropriate job title for the position that corresponds with the service you are entering cost data. The positions listed within the drop down list are fairly straight forward, but in the event that you cannot correlate your position to a position on the drop down list, contact DCS to clarify how your position should be entered. An additional line entitled “Other Contracted Services” is provided for any cost that cannot be categorized into one of the items provided. If costs are entered in this line, a description of this cost is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

#### **\$ and FTE**

Enter the cost as it should be allocated to each of the cost columns, and its relative FTE; (**1 FTE = 2,080 hours worked in a year**). Divide the hours billed for the service(s) by 2,080 hours to calculate the FTE. If the service provided is not billable in time (hours), then the cost should not be identified in this section. This section is for contract services/personnel. Only services where an accurate FTE can be identified should be included in this section. If an accurate FTE cannot be identified for a provided service, then the associated cost for that service should be included in either §4.2 Operating and entered on the “Other Operating” line.

#### **Total**

This line is a total of costs and FTEs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Contracted Services to each of the cost columns is also noted within each column of this line.

### **TIME STUDY COST ALLOCATION**

No data entering is necessary in this section. This section contains the statewide driven RMS percentages from CY 2012. This section also contains the allocated totals from the [Time Study] column from §3.1 Salaries and Wages, §3.2 Fringe Benefits & Payroll Taxes, and §3.3 Contracted Services.

### **PERSONNEL COST BY ACTIVITY TYPE**

No data entering is necessary in this section. This section contains the allocations of costs and FTEs to the cost columns.

#### **Total Personnel**

This line is a total of costs and FTEs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Personnel to each of the cost columns is also noted within each column of this line.



## Program Costs

### §4.1 CHILD/RESIDENT

Costs identified in this section are costs **SPECIFICALLY INCURRED FOR THE CHILDREN/RESIDENTS.** The cost entries are pre-populated, so no data entry is required in the “Cost Entry” column. The “Total” cost column is a calculation of the sum of costs that are allocated amongst the cost columns, i.e. [Administrative], [Adoption], etc. Costs in this section can only be allocated to the [Unallowable] column. Costs identified in this section are Title IV-E Maintenance Costs, which are included within the per diem payment made to foster parents. Costs that comprise the Maintenance payment made to foster parents are referenced by 465 IAC 2-17-12. An additional line entitled “Other Child/Resident” is provided for any cost that cannot be categorized into one of the items provided. If costs are entered in this line, a description of this cost is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

#### **Total**

This line is a total of costs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Child/Resident to each of the cost columns is also noted within each column of this line.

### §4.2 OPERATING

Costs identified in this section are costs specifically incurred for the child placing program. The cost entries are pre-populated, so no data entry is required in the [Cost Entry] column. The [Total] cost column is a calculation of the sum of costs that are allocated amongst the cost columns, i.e. [Administrative], [Adoption], etc. When allocating costs to the columns, be sure to check your math so that the total that you are allocating equals the amount that is identified in the [Total] column. An additional line entitled “Other Operating” is provided for any cost that cannot be categorized into one of the items provided. If costs are entered in this line, a description of this cost is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

This section includes a diverse list of expenses related to the operation of a program. The following are a few examples of common issues:

- Drug testing for employees is an allowable cost, and should be entered on the “Employee Recruitment” line and allocated to the cost column that correlates to the position for which the cost was incurred.
- Bank fees for normal business costs are allowable and should be entered on the “Fees, Dues, & Subscriptions” line and allocated to [Administrative]; however if those fees result from fines and penalties, then costs are considered unallowable and should be entered on the “Bad Debt” line and allocated to [Unallowable].
- Litigation expenses and fees as described within 465 IAC 2-17-23 (11) are to be included within the “Fees, Dues, & Subscriptions” line, and allocated to [Unallowable].

## **Total**

This line is a total of costs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Operating to each of the cost columns is also noted within each column of this line.

## **§4.3 OCCUPANCY**

The cost entries are pre-populated, so no data entry is required in the [Cost Entry] column. The [Total] cost column is a calculation of the sum of costs that are allocated amongst the cost columns, i.e. [Administrative], [Adoption], etc. When allocating costs to the activity columns, be sure to check your math so that the total that you are allocating equals the amount that is identified in the [Total] column. An additional line entitled “Other Occupancy” is provided for any cost that cannot be categorized into one of the items provided. If costs are entered in this line, a description of this cost is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

### **Small Equipment Purchase**

Adhere to your agency’s accounting practices for capitalizing an asset. If you record the asset as a small equipment purchase, and it is not capitalized, record the total cost of all small purchases on this line, with a listing of itemized costs included in the “Small Equipment Purchase Schedule” on the “Attachment” tab of the cost report. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

### **Leased and Rented Equipment**

List the total applicable annual charge for all leased and rented equipment, with a listing of itemized costs included in the “Leased and Rented Equipment Schedule” on the “Attachment” tab of the cost report. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

## **Total**

This line is a total of costs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Occupancy to each of the cost columns is also noted within each column of this line.

## **§4.4 TRAVEL**

The cost entries are pre-populated, so no data entry is required in the [Cost Entry] column. The [Total] cost column is a calculation of the sum of costs that are allocated amongst the cost columns, i.e. [Administrative], [Adoption], etc. When allocating costs to the columns, be sure to check your math so that the total that you are allocating equals the amount that is identified in the [Total] column. An additional line entitled “Other Travel” is provided for any cost that cannot be categorized into one of the items provided. If costs are entered in this line, a description of this cost is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

Reimbursement for staff mileage is to be listed in the space provided at the actual rate paid, not to exceed the State Mileage Reimbursement Rate as reference by the following link:

As of the published date of these instructions, the State of Indiana Mileage Reimbursement Rate is \$0.44 per mile. If your agency reimburses your staff at a rate that exceeds the State Mileage Reimbursement, allocate the overage to the [Unallowable] column.

### **Total**

This line is a total of costs for each activity column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Travel to each of the cost columns is also noted within each column of this line.

### **Total Program**

This line is a total of costs for each activity column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Program to each of the activity cost columns is also noted within each column of this line.

## **Indirect Costs**

This section provides space for those multi-function agencies that incur indirect administrative cost. This page will be used primarily by those agencies that operate more than one program for which it is difficult to effectively allocate administrative costs associated with the child placing program(s). **COSTS REPORTED ON THIS PAGE MUST NOT BE DUPLICATED ELSEWHERE ON THE REPORT.**

Indirect costs are those administrative costs incurred for a common or joint purpose, benefiting more than one service, cost center, or facility, but at least including the facility for which the cost report is submitted. Allowable indirect costs for the indirect cost pool include, but are not limited to, the accounting and budgeting functions, disbursing services, personnel administration and payroll preparation, procurement services, and general administrative.

Costs identified in the following two sections should be entered as the appropriate share of the child placing agency program listed on the “Programs” tab of the cost report. For example, your agency operates four programs, and you have included one of the programs on this cost report and are allocating indirect costs equally to all four programs. Given this information, 25% of the total indirect costs should be identified on this tab of the cost report.

### **§5.1 INDIRECT PERSONNEL**

This section includes all costs (Salaries and Wages as well as Fringe Benefits & Payroll Taxes) relative to personnel costs incurred in an indirect manner by the program(s) listed on the “Programs” tab of the cost report. Positions included within each of the identified cost entries include, but are not limited to:

- **Senior Management**: C.E.O., C.F.O., C.O.O., C.I.O., Controller, and Executive Director
- **General Administrative**: Secretary, Administrative Assistant, Business Manager, Office Manager, Receptionist, Quality Assurance Staff

- **Human Resources**: Human Resources Director, Human Resources Staff, Staff Recruiter, Staff Trainer
- **Finance**: Accounting, Billing, Bookkeeper, Accounts Receivable, Accounts Payable, Payroll
- **Facilities Management**: Building Maintenance, Janitorial Staff, Housekeeper, Groundskeeper, Security
- **Management Information Systems**: IT Staff, Support Services, Network Administrator, Information Management
- **Fundraising / Development**: Development Director, Fundraising Manager, Public Relations, Marketing
- **Other Indirect Personnel**: An additional line entitled “Other Indirect Personnel” is provided for any personnel that cannot be categorized into one of the items provided. If costs are entered in this line, a description of this cost is required on the “Attachment” tab. SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.

**Total**

This line is a total of costs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Indirect Personnel to each of the cost columns is also noted within each column of this line.

**§5.2 INDIRECT OPERATING**

This section includes all costs relative to operational costs incurred in an indirect manner by the program(s) listed on the “Programs” tab of the cost report.

**Total**

This line is a total of costs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Indirect Operating to each of the cost columns is also noted within each column of this line.

**Total Indirect**

This line is a total of costs for each column. Total cost identified in the columns from [Administrative] to [Unallowable] equals the total listed in the [Total] column. The percentage of allocated Total Indirect to each of the cost columns is also noted within each column of this line.

**Revenue**

All program or facility revenue received for services rendered, as cost reimbursement, grant award, contribution, or donations should be included on this tab. Completion of this section is not optional and should reflect all applicable sources of funding or revenue attributable to those services provided by the facility and/or staff persons included within the completed cost report, both directly and indirectly.

Each revenue source will be analyzed based upon the service funded by the grant source, and applied to the appropriate functional activity category, thus reducing the agency expenditure eligible for consideration in the final rate calculation.

### **§6.1 DIRECT PROGRAM REVENUE**

Revenues included in this section would be those revenues that are directly generated by the child placing agency listed on the “Programs” tab of the cost report. The revenue entries are pre-populated, so no data entry is required in the [Payer / Revenue Source] column. The [Total] revenue column is a calculation of the sum of incomes that are allocated amongst the revenue columns, i.e. [Per Diem Payments / Add-Ons], [Adoption], etc. When allocating revenue to the columns, be sure to check your math so that the total that you are allocating equals the amount that is identified in the [Total] column. An additional line entitled “Other Direct Program Revenue” is provided for any revenue that cannot be categorized into one of the items provided. If revenue is entered in this line, a description of this revenue is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

#### **Total**

This line is a total of revenue for each column. Total revenue identified in the columns from [Per Diem Payments / Add-Ons] to [Other] equals the total listed in the [Total] column. The percentage of allocated Total Direct Program Revenue to each of the revenue columns is also noted within each column of this line. .

### **§6.2 INDIRECT REVENUE**

Revenues included in this section would be the proportionate share of the child placing agency program’s revenues that are indirectly generated by the agency/vendor listed in the “VENDOR” section on the “Programs” tab of the cost report. The revenue entries are pre-populated, so no data entry is required in the [Payer / Revenue Source] column. The [Total] revenue column is a calculation of the sum of incomes that are allocated amongst the revenue columns, i.e. [Donations / Fundraising], [Other], etc. When allocating revenue to the columns, be sure to check your math so that the total that you are allocating equals the amount that is identified in the [Total] column. An additional line entitled “Other Indirect Revenue” is provided for any revenue that cannot be categorized into one of the items provided. If revenue is entered in this line, a description of this revenue is required on the “Attachment” tab. **SEE “ATTACHMENT” SECTION OF THESE INSTRUCTIONS FOR MORE DETAIL.**

#### **Total**

This line is a total of revenue for each column. Total revenue identified in the columns from [Per Diem Payments / Add-Ons] to [Other] equals the total listed in the [Total] column. The percentage of allocated Total Indirect Revenue to each of the revenue columns is also noted within each column of this line.

#### **Total Revenue**

This line is a total of revenue for each column. Total revenue identified in the columns from [Per Diem Payments / Add-Ons] to [Other] equals the total listed in the [Total] column. The percentage of allocated Total Revenue to each of the revenue columns is also noted within each column of this line.

## Attachment

This tab of the cost report is provided with the intention of providing clarification for costs that have been grouped together, or are listed as “Other” in the previous sections of the cost report. Provide a description or a breakdown of the costs as needed.

### “OTHER” COST ENTRY DESCRIPTION

This section is provided to present clarification as to what costs are included in the “Other” labeled cost entry that a cost might have been entered from the previous sections of the cost report. If a cost is identified in the [Total] column, a description is **REQUIRED** in the [Notes] column of this section. If no cost is identified in this section, then no information is needed within the [Notes] column.

### SMALL EQUIPMENT PURCHASE SCHEDULE

This section is provided to present clarification as to what items are included in the “Small Equipment Purchase” cost entry from §4.3 Occupancy of the “Program Costs” tab. If a cost is identified in the [Total] column, a listing of items included within this cost is **REQUIRED** in the [Notes] column of this section. If no cost is identified in this section, then no information is needed within the [Notes] column.

### LEASED AND RENTED EQUIPMENT SCHEDULE

This section is provided to present clarification as to what items are included in the “Leased and Rented Equipment” cost entry from §4.3 Occupancy of the “Program Costs” tab. If a cost is identified in the [Total] column, a listing of items included within this cost is **REQUIRED** in the [Notes] column of this section. If no cost is identified in this section, then no information is needed within the [Notes] column.

## Annualized-Hourly Costs

This tab is designed to show both the Annual and Hourly equivalent costs for the cost items identified in §3.1 Salaries and wages, §3.3 Contracted Services, and §5.1 Indirect Personnel. This tab is included for your benefit to determine that costs and FTEs have been identified in an accurate manner.

### ANNUALIZED/HOURLY COSTS FOR §3.1 SALARIES AND WAGES

Information contained within this section covers all cost entries that were identified in §3.1 Salaries and Wages. This section analyzes what the annual and hourly figures would be based on the cost and FTE information that is provided. Verify that the Annual and Hourly amounts fall in line with what these positions are actually compensated. If these figures do not match up, then either the cost or FTE information contained within §3.1 Salaries and Wages is inaccurate

### ANNUALIZED/HOURLY COSTS FOR §3.3 CONTRACTED SERVICES

Information contained within this section covers all cost entries that were identified in §3.3 Contracted Services. This section analyzes what the annual and hourly figures would be based on the cost and FTE information that is provided. Verify that the Annual and Hourly amounts fall in line with what these positions are actually compensated. If these figures do not match up, then either the cost or FTE information contained within §3.3 Contracted Services is inaccurate.

## **ANNUALIZED/HOURLY COSTS FOR §5.1 INDIRECT PERSONNEL**

Information contained within this section covers all cost entries that were identified in §5.1 Indirect Personnel. This section analyzes what the annual and hourly figures would be based on the cost and FTE information that is provided. Note that these figures may be inflated because the cost information contains both the Salaries and Wages costs, along with the Fringe Benefits and Payroll Taxes cost. Verify that the Annual and Hourly amounts fall in line with what these positions are actually compensated. If these figures do not match up, then either the cost or FTE information contained within §5.1 Indirect Personnel is inaccurate.

## **SUBMISSION OF COST REPORT**

Questions about this report, its format, contents, or completion may be addressed to DCS Rate Setting Manager Todd Fandrei via telephone at (317) 234-5976, or via email at [Todd.Fandrei@dcs.in.gov](mailto:Todd.Fandrei@dcs.in.gov). Signed hard copies and Electronic copies of the cost report can be submitted to DCS in the following manner:

### **Mail signed hard copy report to:**

Indiana Department of Child Services  
Attention: Rate Setting Department  
402 W. Washington St., Room W392 MS-50  
Indianapolis, IN 46204

### **Email electronic copy report to:**

DCSRateSetting@dcs.in.gov

## **IMPORTANT REMINDERS**

- An agency that operates more than one type of program should have, and retain a cost allocation plan that fairly and equitably distributes costs to each of the residential programs.
- When entering figures into the cost report, do not cut and paste from your own documentation.
- Manually enter all data.
- Do not enter formulas into cells.
- Do not use duplicate positions in use duplicate positions in §3.1 Salaries and Wages and/or §3.3 Contracted Services.
- Round all amounts to the nearest dollar.
- Round all FTEs to four (4) decimal places.
- Do not use the RMS %'s identified on the Personnel Costs tab as an allocation methodology.
- Do not allocate staff to multiple cost line entries unless they have changed positions during the year.
- Include all costs on the cost report; do not omit unallowable costs from the report. If a cost is incurred for the operational purpose of the programs identified on the Programs tab of the report, then the cost should be included on the report.
- If submitting a budgeted report, make sure to identify the report as a budgeted report, and make sure to identify the report in full, i.e. utilization and cost information.
- Figures or calculations entered on the cost report form should always be checked for accuracy prior to submission.

- Submission of both the most current State license/certificate/approval issued for the child placing agency covered by the cost report and the Federal Internal Revenue Service certificate or letter of determination is required to process the Cost Report. Cost Report submissions not including these documents will not be processed until these documents are received.
- If a report is incomplete upon submission, the report will be sent back for correction.
- Cost Reports are due **April 2, 2013**.