



# Indiana Department of Child Services (DCS)

## Child Placing Agency (CPA)

### Cost Report Instructions For CY 2015 (RY 2017) Rates

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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 of 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)

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 I-Rate 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 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Consult the appropriate OMB Circular or contact the DCS Rate Setting Unit 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 document:

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards: <http://www.gpo.gov/fdsys/pkg/FR-2013-12-26/pdf/2013-30465.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 to place children in the programs listed in §1.1 Programs on the "Programs" tab of the cost report.

## **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 administration, 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 a reasonable allocation methodology like the 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, 2015 through December 31, 2015. 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, 2017. Report(s) need to be submitted to the DCS Rate Setting Unit no later than **March 31, 2016**.

## **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 ACTIVITY COLUMNS**

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.

The Administrative column should be used to reference any cost that is incurred for the purposes of an administrative activity to operate the program. If an administrative cost can be directed to a specific cost center or business unit such as "Education" or "Medical", the cost still needs to be allocated to Administrative and NOT Education and/or Medical.

#### **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 carrying 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

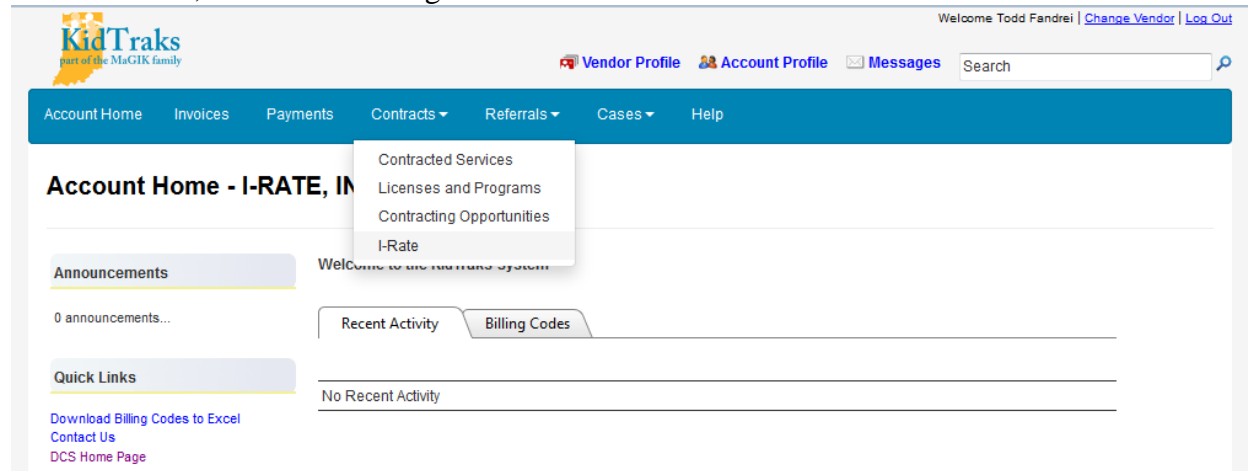
### **Unallowable**

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).

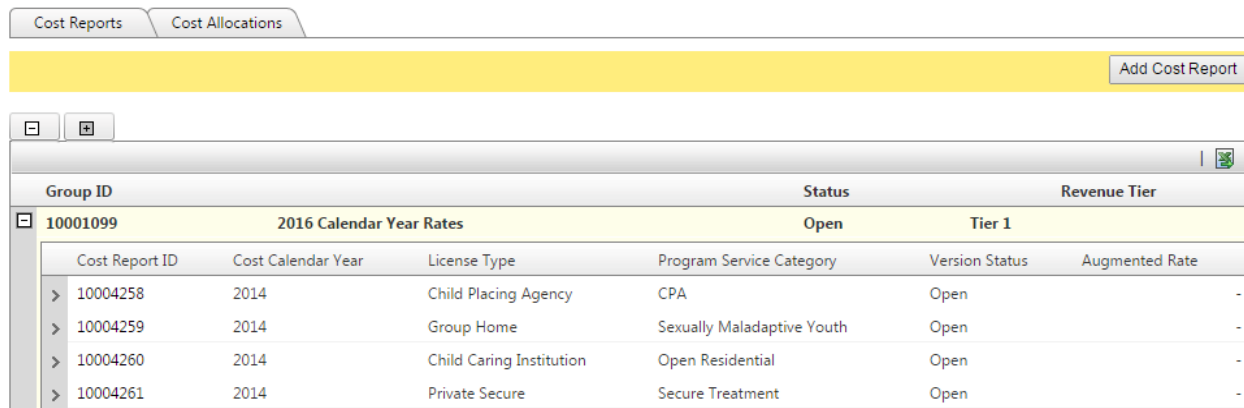
## Cost Reports

Cost reports are to be entered and submitted via the I-Rate module of the KidTraks portal of MaGIK. This module can be accessed through the following hyperlink: <https://magik.dcs.in.gov/>. Once logged in, click on the KidTraks link on the left to enter the KidTraks system.

After you have entered Kidtraks, cost reports can be created by clicking on “Contracts” in the blue menu bar, and then selecting “I-Rate”.



**Add Cost Report:** Select the “Add Cost Report” button on the Cost Reports tab in I-Rate.



**License Type:** Select “Child Placing Agency” from the list of Licenses maintained by your agency.

**Cost Calendar Year:** The period of time for which costs were incurred. **2015** is automatically entered here. You cannot change this year.

**Rate Calendar Year:** The period of time for which payment rates will be established by the given cost report. **2017** is automatically entered here. You cannot change this year.

**Add Cost Allocation:** You can add customized allocation methodologies to be used on the cost report. To do this, select the “Add Cost Allocation” button on the Cost Allocations tab in I-Rate.

Cost Report Group		2016 Calendar Year Rates								Status	Revenue Tier	
10001099										Open	Tier 1	
Cost Allocation	CPA	Administrative	Adoption	Maintenance	Case Management	Non IV-E	Behavioral Health	Medical	Education	Unallowable	Comments	
Square Footage	No	10.50%	-	68.50%	2.00%	-	11.50%	-	7.50%	-		
Handsets	Yes	19.45%	2.00%	-	78.55%	-	-	-	-	-	This methodology is based on number of telephone handsets used by staff.	
Travel Logs	No	35.75%	-	46.25%	18.00%	-	-	-	-	-	This methodology is based on travel logs maintained by staff.	

**Cost Report Group:** Select the Cost Report Group you want to add a customized allocation to from the list that is provided.

**Name:** Type in a name for your customized allocation.

**CPA:** Select this check box to use your customized allocation on the CPA cost report.

**Cost Activity Columns:** Enter in the percentage you would like allocated to each of the cost activity columns.

**Total:** Shows the sum of the percentages entered into the different cost activity columns. This total must equal 100%

**Comments:** Provide a brief description of your custom allocation.

**ONCE A CUSTOM ALLOCATION IS SELECTED TO BE USED ON A COST REPORT, IT CANNOT BE MODIFIED.**

## Programs

### §1.1 PROGRAMS

**Program:** Each of the four (4) categories of supervision and their three (3) separate age groups (twelve (12) programs) have been pre-populated in this section. Select each program (a new window will open), and enter each category of supervision’s utilization. The only information that needs to be entered for each category of supervision is the utilization for that program. All other information cannot be edited.

- **Foster Care (Age 0-4; Age 5-13; Age 14-18):** These categories are 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 (Age 0-4; Age 5-13; Age 14-18):** These categories are 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 (Age 0-4; Age 5-13; Age 14-18):** These categories are for a child who has serious emotional disturbances, significant behavior health needs and functional impairments, or developmental or physical disabilities.
- **Therapeutic Plus (Age 0-4; Age 5-13; Age 14-18):** These categories are 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.

**Days of Operation:** The report is required to detail a full year of cost data, whether it is budgeted cost data, or actual cost data. Because of this, 365 is already entered for each program.

**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).

**CPA Per Diem:** Each category of supervision’s Foster Parent Per Diem is pre-populated.

## Personnel Costs

### §3.1 SALARIES AND WAGES

Section includes all salaries and wages (full and/or part time) paid for services rendered during the period for which the cost report has identified as the Cost Calendar Year. 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 placing program 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

The screenshot shows a software interface for 'Cost Entry'. At the top, there is a navigation menu with tabs for 'Programs', 'Personnel Costs', 'Program Costs', 'Indirect Costs', 'Revenue', 'Issues', 'Events', and 'Attachments'. Under 'Personnel Costs', there are sub-tabs for 'Salary and Wages', 'Fringe Benefits and Payroll Taxes', and 'Contracted Services'. The 'Salary and Wages' sub-tab is selected and highlighted in yellow, with a '0' in a box next to it and '§3.1 Salary and Wages' text. There are 'Add' and 'Import' buttons to the right. Below the navigation is a table header with columns for 'Position', 'Total' (Cost, FTE), 'Administrative' (Cost, FTE, %), 'Adoption' (Cost, FTE, %), 'Time Study' (Cost, FTE, %), 'Non IV-E (IL / Rec.)' (Cost, FTE, %), and 'Beha' (Cost).

**Add an individual positon:** Select the “Add” button at the top of this section. This will open a separate window where you can 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 the DCS Rate Setting Unit 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.

**Import position titles from another cost report:** Select the “Import” button at the top of this section. This will open a separate window where you can select the Cost Report ID of the report you would like to import position titles from. I-Rate will add each position that was used on the identified cost report. Click on each position to enter in cost and FTE information.

### **\$ and FTE**

Enter the cost as it should be allocated to each of the cost activities, 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. Identical positions should be reported on the same line entry, and their costs totaled as one. When entering cost and FTE information for a position, the Salary (cost ÷ FTE) and Hourly Wage (Salary ÷ 2,080 hours) will be calculated automatically as cost and FTE figures are entered for each cost activity.

**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).

### **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.
- 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.
- 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 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 activity 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 identified as a total. Costs entered in this section are allocated to the cost activity 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 identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Other Fringe Benefits & Payroll Taxes” cost entry.

Programs		Personnel Costs		Program Costs		Indirect Costs		Revenue		Issues		Events		Atta	
Salary and Wages				Fringe Benefits and Payroll Taxes				Contracted Services							
<b>0 §3.2 Fringe Benefits and Payroll Taxes</b>															
		Cost Type	Total		Comments										
			Cost	% of §3.1											
<b>0</b>	1	Social Security & Medicare	-	-											
<b>0</b>	2	Workers Compensation	-	-											

**Cost**

This column identifies the total for each cost identified in this section.

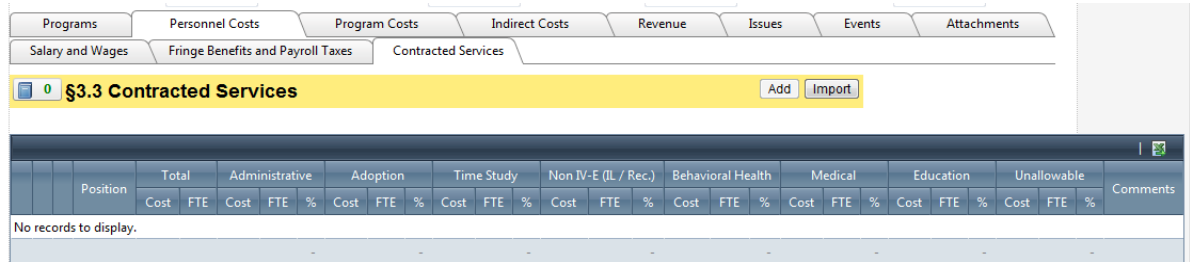
**% of §3.1**

This column identifies each cost’s percentage of §3.1 Salary and Wages that have been identified on the cost report.

### §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



**Add an individual contracted service:** Select the “Add” button at the top of this section. This will open a separate window where you can select from the provided drop down list the appropriate job title for the service you are entering cost data. The contracted services listed within the drop down list are fairly straight forward, but in the event that you cannot correlate your contracted service to a contracted service on the drop down list, contact DCS to clarify how your contracted service 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 a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Other Contracted Services” cost entry.

**Import contracted services from another cost report:** Select the “Import” button at the top of this section. This will open a separate window where you can select the Cost Report ID of the report you would like to import contracted service titles from. I-Rate will add each contracted service that was used on the identified cost report. Click on each contracted service to enter in cost and FTE information.

#### \$ and FTE

Enter the cost as it should be allocated to each of the cost activities, 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. When entering cost and FTE information for a contracted service, the Salary (cost ÷ FTE) and Hourly Wage (Salary ÷ 2,080 hours) will be calculated automatically as cost and FTE figures are entered for each cost activity.

#### 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 activity 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 [Total] column is a calculation of the sum of costs that are allocated amongst the cost activity 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 a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Other Child/Resident” cost entry.

Programs		Personnel Costs		Program Costs		Indirect Costs		Revenue		Issues		Events		Attachments					
Child/Resident		Operating		Occupancy		Travel		Summary											
0 §4.1 Child/Resident																			
	Cost Type	Allocation	Total	Administrative		Adoption		Case Management		Non IV-E (IL / Rec.)		Behavioral Health		Medical		Education		Unallowable	
			Cost	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%
0	1	Food	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	2	Clothing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### 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 activity 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 [Total] column is a calculation of the sum of costs that are allocated amongst the cost activity columns, i.e. [Administrative], [Adoption], etc. When allocating costs across multiple activities, 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 a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Other Operating” cost entry.

Programs		Personnel Costs		Program Costs		Indirect Costs		Revenue		Issues		Events		Attachments			
Child/Resident		Operating		Occupancy		Travel		Summary									
0 §4.2 Operating																	
	Cost Type	Allocation	Total	Administrative		Adoption		Case Management		Non IV-E (IL / Rec.)		Behavioral Health		Medical		Education	
			Cost	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%
0	1	Food/Household Supplies	Handsets	\$100.00	\$19.45	19 %	\$2.00	2 %	\$78.55	79 %	-	-	-	-	-	-	-
0	2	Office Supplies	Handsets	\$14,580.00	\$2,835.81	19 %	\$291.60	2 %	\$11,452.59	79 %	-	-	-	-	-	-	-

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 activity 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 activity columns is also noted within each column of this line.

**§4.3 OCCUPANCY**

Costs identified in this section are costs specifically incurred for the building, land, or other related occupancy costs of the residential program. The [Total] column is a calculation of the sum of costs that are allocated amongst the cost activity columns, i.e. [Administrative], [Adoption], etc. When allocating costs across multiple activities, 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 a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Other Occupancy” cost entry.

		Programs	Personnel Costs	Program Costs	Indirect Costs	Revenue	Issues	Events	Attachments							
		Child/Resident	Operating	Occupancy	Travel	Summary										
0		<b>§4.3 Occupancy</b>														
		Cost Type	Allocation	Total Cost	Administrative Cost	%	Adoption Cost	%	Case Management Cost	%	Non IV-E (IL / Rec.) Cost	%	Behavioral Health Cost	%	Medical Cost	%
0	1	Depreciation (Building & Grounds)		-	-	-	-	-	-	-	-	-	-	-	-	-
0	2	Depreciation (Equipment)	Handsets	\$39,300.00	\$7,643.85	19 %	\$786.00	2 %	\$30,870.15	79 %	-	-	-	-	-	-

**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. If a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Small Equipment Purchase” cost entry.

**Leased and Rented Equipment**

List the total applicable annual charge for all leased and rented equipment on this line. If a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Leased and Rented Equipment” cost entry.

## 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 columns is also noted within each column of this line.

## §4.4 TRAVEL

Costs identified in this section are costs specifically incurred for travel costs related to the operation of the residential program. The [Total] column is a calculation of the sum of costs that are allocated amongst the cost activity columns, i.e. [Administrative], [Adoption], etc. When allocating costs across multiple activities, 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 a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Small Equipment Purchase” cost entry.

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:

<http://www.in.gov/idoa/2459.htm>

For the period CY 2015, state mileage reimbursement was \$0.44 per mile from January 1, 2015 through June 30, 2015; then decreased to \$0.40 per mile through December 31, 2015. If your agency reimburses your staff at a rate that exceeds the State Mileage Reimbursement, allocate the overage to the [Unallowable] column

Programs		Personnel Costs		Program Costs		Indirect Costs		Revenue		Issues		Events		Attachments			
Child/Resident		Operating		Occupancy		Travel		Summary									
<b>0 §4.4 Travel</b>																	
	Cost Type	Allocation	Total	Administrative		Adoption		Case Management		Non IV-E (IL / Rec.)		Behavioral Health		Medical		Education	
			Cost	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%		
0	1 Gas, Oil, Maintenance & Repair		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	2 Staff Mileage	Direct	\$109,066.00	\$2,500.00	2 %	-	-	\$106,566.00	98 %	-	-	-	-	-	-	-	-

## 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 Travel to each of the columns is also noted within each column of this line.

## §4.5 TOTAL DIRECT PROGRAM COSTS BY ACTIVITY TYPE

This section can be viewed in the “Summary” tab of the “Program Costs” section of the cost report. Amounts identified here are the totals from §4.1 Child/Resident through §4.4 Travel.

Programs	Personnel Costs	Program Costs	Indirect Costs	Revenue	Issues	Events	Attachments										
Child/Resident	Operating	Occupancy	Travel	Summary													
<b>§4.5 Total Direct Program Costs by Activity Type</b>																	
Cost Type	Total	Administrative		Adoption		Case Management		Non IV-E (IL / Rec.)		Behavioral Health		Medical		Education		Unallow	
	Cost	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	
Child/Resident Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Total	\$106,910.01	\$16,631.70	16 %	\$1,710.20	2 %	\$88,568.11	83 %	-	-	-	-	-	-	-	-	-	-

## 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. In this section, costs are only identified as a total. 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 a cost is identified on this line, you are required to enter a brief description of what is included in the cost in the “Comments” box of the “Other Indirect Personnel” cost entry.

Personnel		Operating		Summary	
<b>§5.1 Personnel</b>					
	Position	Total		Comments	
		Cost	FTE		
0 1	Senior Management	\$132,057.00	0.3122		
0 2	General Administrative	-	-		

**Total**

This line totals the costs that are identified in this section.

**§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. In this section, costs are only identified as a total. Any cost incurred by staff identified in §5.1 Indirect Personnel should be included within this section.

Personnel		Operating		Summary	
<b>§5.2 Operating</b>					
	Position	Total		Comments	
		Cost			
0 1	Food/Household Supplies	-			
0 2	Office Supplies	\$2,580.00			

**Total**

This line totals the costs that are identified in this section.

**§5.3 TOTAL INDIRECT COSTS**

This section can be viewed in the “Summary” tab of the “Indirect Costs” section of the cost report. Amounts identified here are the totals from §5.1 Indirect Personnel and §5.2 Indirect Operating.

Personnel		Operating		Summary	
<b>§5.3 Total Indirect Costs</b>					
Cost Type	Total				
	Cost				
Total Personnel Costs	\$213,857.00				
Total Operating Costs	\$147,370.00				
Total Indirect Costs	\$361,227.00				

## 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 activity columns, i.e. [Per Diem Payments / Add-Ons], [Adoption], etc. When allocating revenue across multiple activities, 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 identified on this line, you are required to enter a brief description of what is included in the revenue in the “Comments” box of the “Other Direct Program Revenue” cost entry.

Programs		Personnel Costs		Program Costs		Indirect Costs		Revenue		Issues		Events		Attachments					
Direct		Indirect		Summary															
<b>0 §6.1 Direct Program</b>																			
	Revenue Type	Total		Per Diem Payments		Case Management		Adoption		Behavioral Health		Medical		Education		Donations & Fundraising		Other	
		Cost		Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%		
0 1	Indiana DCS	\$3,123,115.00		\$3,123,115.00	100 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0 2	Indiana DOC	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0 3	Indiana DOE	-		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### Total

This line is a total of revenue for each activity 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 [Total] revenue column is a calculation of the sum of incomes that are allocated amongst the revenue activity columns, i.e. [Donations / Fundraising], [Other], etc. When allocating revenue across multiple activities, 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 identified on this

line, you are required to enter a brief description of what is included in the revenue in the “Comments” box of the “Other Direct Program Revenue” cost entry.

Programs		Personnel Costs		Program Costs		Indirect Costs		Revenue		Issues		Events		Attachments				
Direct		Indirect		Summary														
<b>0 §6.2 Indirect</b>																		
	Revenue Type	Total	Per Diem Payments		Case Management		Adoption		Behavioral Health		Medical		Education		Donations & Fundraising		Other	
		Cost	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	
0	1 Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
0	2 Fundraising	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Total**

This line is a total of revenue for each activity 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.

**§6.3 TOTAL REVENUE**

This section can be viewed in the “Summary” tab of the “Revenue” section of the cost report. Amounts identified here are the totals from §6.1 Direct Program Revenue and §6.2 Indirect Revenue.

Programs		Personnel Costs		Program Costs		Indirect Costs		Revenue		Issues		Events		Attachments			
Direct		Indirect		Summary													
<b>§6.3 Total Revenue</b>																	
Revenue Type	Total	Per Diem Payments		Case Management		Adoption		Behavioral Health		Medical		Education		Donations & Fundraising		Other	
	Cost	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	%	Cost	
Total Direct Program Revenue	\$3,123,115.00	\$3,123,115.00	100 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Indirect Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	\$3,123,115.00	\$3,123,115.00	100 %	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**Issues**

Any questions or issues regarding the contents of the cost report will be identified on this tab by the DCS Rate Setting Unit. Each “Issue” is generated by the desk auditor. Once the review is complete, an email listing each issue will be sent to the person who completed the cost report. You will be required to provide a response to each issue. Only cost entries that have an “Open” issue can be edited (all other cost entries that do not have an “Open” issue cannot be edited once the cost report has been submitted). Once you have responded to all issues, make sure to release control of the cost report back to DCS by selecting the “Submit to DCS” action from the “Action” drop-down box.

Programs	Personnel Costs	Program Costs	Indirect Costs	Revenue	Issues	Events	Attachments
<b>Issues</b>							
Issue ID	Name	Section	Line Number	Category	Status	Created By	Date
<input checked="" type="checkbox"/> 1002867	Licencsing Coordinator	Salary And Wages	4	Allocation	Open	Nicholson,Robert A	02/11/2015
<input checked="" type="checkbox"/> 1002868	Administrative Assistant	Salary And Wages	1	Amount	Open	Nicholson,Robert A	02/11/2015
<input checked="" type="checkbox"/> 1002870	Number of locations/offices	Programs		General	Open	Nicholson,Robert A	02/11/2015

## Events

All events (i.e. submission date, desk audit completed, etc.) relating to the cost report will be recorded on this tab.

Programs	Personnel Costs	Program Costs	Indirect Costs	Revenue	Issues	Events	Attachments
<b>Events</b>							Add
Event	Date	Description	Created By	Create Date			
Version Created	02/06/2015	Version 1 created.	cgreenya@gmail.com	02/06/2015			
Cost Report Submitted to DCS	02/11/2015	Cost Report submitted to DCS by vendor.	cgreenya@gmail.com	02/11/2015			
Desk Audit Started	02/11/2015	Desk audit started.	RNicholson	02/11/2015			
Issue email sent to vendor	02/11/2015	Issue email sent to vendor.	RNicholson	02/11/2015			
DCS notified of issue responses	02/11/2015	DCS notified of issues responses.	cgreenya@gmail.com	02/11/2015			

## Attachments

Any supporting documentation (i.e. licenses, audits, allocation spreadsheets, etc.) can be uploaded on this tab.

Programs	Personnel Costs	Program Costs	Indirect Costs	Revenue	Issues	Events	Attachments
<b>Attachments</b>							Add
Attachment	Created By	Create Date					
CPA_Cost_Template_2014.xlsx .	cgreenya@gmail.com	02/16/2015					

## SUBMISSION OF COST REPORT

All cost reports are to be submitted via the I-Rate module of the KidTraks portal of MaGIK. Any other supporting documents (License, Audit, etc.) can be attached to the cost report by uploading the file(s) using the “Attachments” tab of the cost report, or can be mailed to:

Questions about this report, its format, contents, or completion may be addressed to Chris Back via telephone at (317) 234-7327, or via email at [Christopher.Back@dcs.IN.gov](mailto:Christopher.Back@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.
- Manually enter all data.
- Enter real numbers into the cost report. Formulas cannot be entered.
- Do not use duplicate positions in use duplicate positions in §3.1 Salaries and Wages and/or §3.3 Contracted Services.

- Round all FTEs to four (4) decimal places.
- 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 all information (cost and utilization) is pro-rated for a full year.
- Figures entered in I-Rate should always be checked for accuracy prior to submission.
- Submission of the most current State license/certificate/approval issued for the facilities covered by the cost report is required to process the Cost Report. Cost Report submissions not including this document will not be processed until this document is received.
- Include the program/agency's most recent set of audited financials.
- Attachments (including Licenses, program descriptions, Financial Audits, etc.) can be uploaded to the cost report in I-Rate, rather than mailing hard copies.
- Excel cost template is only to aide in completing the cost report. **DO NOT SUBMIT COST REPORT ON EXCEL TEMPLATE.**
- If a report is incomplete upon submission, the report will be returned for correction.
- Cost Reports are due **March 31, 2016.**