

Cost Allocation Plans for Internal Service Funds

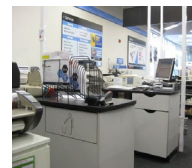
The Arizona Auditor General added Object Code 6885 to the USFR chart of accounts for LEAs who leverage an existing internal service fund to streamline their billing and payments from that fund.

Object Code	Description
6885	Charges for District Services – Payments made to an Internal Services Fund from another district fund (quasi-external interfund transactions) for services provided such as print shops, transportation services, and other services. This code is used for all quasi-external payments to avoid double reporting district expenditures.

To assist with the documentation of these cost allocation plans, Grants Management has established a supplement that can be made available upon request by LEAs that have these for their internal service funds. To request this Cost Allocation Plan supplement, LEAs are asked to generate a Help Desk ticket to make this supplement available. LEAs will be able to submit the Cost Allocation Plan for internal service funds used by their print shops, transportation depots, internal childcare, and other services. Once approved, LEAs will be able to use Object Code 6885 in their Application Budgets to report those services listed above. For LEAs that do not have an approved Cost Allocation Plan, and/or are not using an internal service fund, they will continue to budget all costs directly via existing object codes (such as salary/benefits, fuel costs, maintenance costs, etc.) ****NOTE: Cost Allocation Plans are not required if the LEA is paying required fees on a student's behalf with grant monies (such as homeless students) for items such as summer school tuition or class fees. These costs fall under Object Code 6886****

While there is no one-size-fits-all template for a cost allocation plan for an internal service fund, ADE asks that your plan describe how the LEA determined the specific costs to be charged to the grant fund. For example, the transportation plan could include average drive costs (salary/benefits), average fuel costs, actual mileage, or other costs. The plan should also outline how the internal service fund will be reconciled as no income should be earned through this internal service fund.

Only LEAs with an ADE approved Cost Allocation Plan for a given fiscal year will be permitted to budget with Object Code 6885. All others must continue to budget direct costs in the applicable other object codes such as salaries, benefits, etc.



Need Assistance?

Grants Management System (GME)	Help Desk Support Ticket
Phone: 602.542.3901	
Opt 1-Technology, Opt 2-Processing, Opt 3-Monitoring	https://helpdeskexternal.azed.gov