**20.28.140 COMPLETING SCHEDULE E-COST ALLOCATION PLANS/INDIRECT COST PROPOSALS**

(1) Other local units of the governing body provide certain services to the state portion of the regional correctional facility on a centralized basis. In order for the costs of those units of the governing body to be included in the per diem rate computation, a central service cost allocation plan is needed to identify and assign part of those costs to the state portion of the regional correctional facility's operation on a reasonable and consistent basis. All costs and other data used to distribute the cost included in the plan should be supported by formal accounting and other records that support the propriety of the cost assignments. To include indirect costs in the per diem rate computation:

(a) cost allocation plans must be submitted to the department over the signature of the governing body's chief financial officer or equivalent officer. The department will certify the plan if the documentation reflects accurate financial information and is completed in accordance with guidelines in OMB Circular A-87;

(b) the costs must benefit both the state and other local governing body activities, must be distributed to all activities in reasonable proportions to the benefits received, and must be supported by subsidiary records that allow confirmation of the accuracy of the distributions;

(c) similar or identical costs cannot be charged as direct costs on the per diem worksheet. The following categories require scrutiny to ensure duplicate or unallowable claims are not made: travel expenses, legal expenses, conferences, professional services, and miscellaneous expenses; and

(d) the pre-allocation cost basis of each category claimed must be verifiable.

(2) The following are examples of categories of indirect costs, a portion of which may be assigned to the detention facility for inclusion in the per diem rate computation provided they have not already been included as a direct cost:

(a) motor pool operations, fuel, and maintenance provided that vehicle expense is not included as a separate line item on the per diem worksheet;

(b) procurement, personnel, administrative, financial, and accounting support provided by staff of the governing body and/or the nondetention operations of the police/sheriff department.

(3) The governing body's operating costs not related to the detention facility's operation cannot be included for per diem rate computation purposes. For example, costs of a water treatment facility would not be allowed if the regional correctional facility is not served by the facility.

(4) If the governing body does not calculate and submit to the department an indirect cost plan which reflects accurate financial information and is completed in accordance with guidelines in OMB

Circular A-87, then the allowable rate for indirect costs is 8% of the governing body's direct operating costs.

**Authorizing statute(s):** 53-30-507, MCA

**Implementing statute(s):** 53-30-507, MCA

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**History:** NEW, 2007 MAR p. 36, Eff. 1/12/07.