

**POWAY UNIFIED SCHOOL DISTRICT
ADMINISTRATIVE PROCEDURE**

Originator: Director of Food and
Nutrition

Issue No: 1

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Reference: OMB Circular A-87;
EC 38101

ARTICLE: 6.0 BUSINESS SUPPORT SERVICES

6.60 FOOD AND NUTRITION

6.63 FOOD AND NUTRITION FUNDS

SECTION 6.63.2 Indirect Cost Procedures

Office of Management and Budget (OMB) Circular A-87 establishes indirect cost procedures for Food and Nutrition programs. Indirect costs are those costs which are incurred for a common or joint purpose benefiting more than one cost objective, but are not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the result achieved.

The indirect costs charged to the Food and Nutrition fund shall be determined through the use of an indirect cost rate. The indirect cost rate is the ratio of indirect cost to direct costs, based upon the District's actual expenditures. The rate is applied to the adjusted direct costs to yield the total indirect costs to be charged.

The Food and Nutrition Department's indirect costs are the costs associated with providing food and other services under the National School Lunch, School Breakfast, and other programs that are not easily identifiable because they are shared with District programs that do not benefit Food and Nutrition. These costs generally include, but are not limited to, the costs for custodians and maintenance personnel, fuel for heat, electricity, gas, water, sewage, trash pickup, accounting, budgeting, payroll preparation, personnel management, purchasing, warehousing, and centralized data processing.

The indirect cost charged to the food and nutrition program shall be limited to the lesser of the school district's prior year indirect cost rate as approved by the State Department of Education or the statewide average approved indirect cost for the second prior fiscal year. The food and nutrition program shall not be charged more than once for expenditures for the same service. If the Food and Nutrition Department is being charged for a service as a direct cost, the District shall not also allocate that cost as a direct support cost or indirect cost.

Indirect Cost Formula: Indirect costs applicable to the Food and Nutrition Department will be determined by multiplying the total direct costs of the Department (except those costs exempted by law) and multiplying that total by the approved indirect cost rate.

Indirect Cost Rate (ICR) X Food and Nutrition Direct Costs = Indirect Cost

Utilities and custodial costs are included in the ICR formula.

The claiming of indirect costs shall be done based on actual program expenditures rather than budget estimates. The maximum amount of indirect costs that may be charged to the Food and Nutrition Department in a year shall be determined by the Indirect Cost Formula contained herein.