



**STATE OF SOUTH CAROLINA  
DEPARTMENT OF EDUCATION**

**MOLLY M. SPEARMAN**  
*STATE SUPERINTENDENT OF EDUCATION*

**MEMORANDUM**

**TO:** South Carolina School Business Officials

**FROM:** Melissa A. Myers, Audits Manager *ma.m.*  
Office of Auditing Services

**DATE:** February 4, 2015

**RE:** Chart of Account Additions for Calculating Indirect Cost Rates

The SC Department of Education's Office of Auditing Services is currently working with the United States Department of Education's Indirect Cost Group for approval of the LEA indirect cost methodology plan. As a result of this review, additions have been made to the chart of accounts to comply with the new delegation agreement. The newly added accounts to the Financial Accounting Handbook are listed below. Please begin charging expenditures to these accounts immediately.

**New Function Codes**

**261 – Head of Component Unit** – The head of an organizational unit existing one level below the chief executive office unit or the Superintendent's Office. LEAs should capture the head of component units in function code 261. However, LEAs whose most recent 135-day ADM is 2,000 students or less may decide to capture the head in the function that currently shows the job duties of the specific office (i.e. function 252 for the Chief Finance Officer). If the head of the component is performing more management duties than day to day operations, use function, 261 regardless of the ADM

**265 – Subawards in Excess of \$25,000** – A subcontract or subgrant awarded to a subrecipient in which the amount exceeds \$25,000.

**New Object Code**

**393 - Food Services Direct Purchased Services** – Expenditures charged for purchased services or contracts for food service functions that are directly charged to the food service fund and should not be captured in the indirect cost computation.

Chart of Account Additions for Calculating Indirect Cost Rates

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Please note that this memo does not list all additions to the FY 2014-15 Financial Accounting Handbook. For a complete listing, please see Section 2 of the FY 2014-15 Financial Accounting Handbook posted to the SCDE website at <http://ed.sc.gov/agency/as/ManualsHandbooksandGuidelines.cfm>. Feel free to contact me at [mmyers@ed.sc.gov](mailto:mmyers@ed.sc.gov) or 803-734-8453 concerning any questions regarding the new accounts listed above.

cc: Nancy Williams, CPA, Director, Office of Auditing Services

Mellanie Jinnette, CFO

Juanita Bowens-Seabrook, PhD, Director, Office of Nutrition Programs