



**STATE OF SOUTH CAROLINA
DEPARTMENT OF EDUCATION**

MOLLY M. SPEARMAN
STATE SUPERINTENDENT OF EDUCATION

MEMORANDUM

TO: School Business Officials

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

DATE: December 10, 2015

RE: **HEAD OF ORGANIZATIONAL UNITS**

The SC Department of Education has established new object codes to charge expenditures related to the heads of certain organizational units reporting directly to the District Superintendent. These changes are a result of the most current review of our LEA indirect cost methodology by the USDE Office of the Chief Financial Officer. Employees that should be charged to these new object codes include the Chief Financial Officer, Chief Human Resources Officer, Chief Audit Director, and the heads of any other organizational units charged to the function 260 series which consists of 262 Planning, 263 Information Services, 264 Staff Services, and 266 Technology and Data Processing Services. Our current indirect cost methodology already reports the heads of other organizational units reporting directly to the Superintendent as being charged in a manner directed by the USDE. Exclude a Deputy Superintendent who serves as the Chief Operating Officer and the Assistant Superintendent of Instruction.

Charge expenditures for the heads of the organizational units stated above to the following object codes with the correct function code classification. (Ex. Salaries for the CFO would be charged to 252-180).

180 Head of Organizational Unit Salaries: Compensation paid to the head of an organizational unit reporting directly to the Superintendent. However, LEAs whose 135-day ADM is 2,000 students or less may decide to capture the salary costs for the head of the organizational unit in the same salary object as others in the office (i.e. 110 for a regular salaried



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employee). If the head of the component is performing more management duties than actually performing day to day operations, use object 180.

Examples of employees that could be charged here include the Chief Financial Officer, Chief Human Resources Officer, and Chief Audit Director. Exclude a Deputy Superintendent who serves as the Chief Operating Officer and the Assistant Superintendent of Instruction.

280 Head of Organizational Unit Employee Benefits: Fringe benefits (health and life insurance, retirement, social security, tuition reimbursement, deferred compensation, etc.) paid by the school district on behalf of the head of an organizational unit reporting directly to the District Superintendent. However, LEAs whose 135-day ADM is 2,000 students or less may decide to capture the costs for the head of the organizational unit in the same employee benefit object as others in the office (i.e. 210 for Group Health and Life Insurance). If the head of the component is performing more management duties than actually performing day to day operations, use object 280.

Examples of employees that could be charged here include the Chief Financial Officer, Chief Human Resources Officer, and Chief Audit Director. Exclude a Deputy Superintendent who serves as the Chief Operating Officer and the Assistant Superintendent of Instruction.

380 Head of Organizational Unit Travel: Amounts paid for the costs of transportation, meals, hotel, registration fees, and other expenses associated with traveling on business for the school district on behalf of the head of an organizational unit reporting directly to the District Superintendent. However, LEAs whose 135-day ADM is 2,000 students or less may decide to capture the costs for the head of the organizational unit in the same travel object as others in the office (i.e. 331). If the head of the component is performing more management duties than actually performing day to day operations, use object 380.



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Examples of employees that could be charged here include the Chief Financial Officer, Chief Human Resources Officer, and Chief Audit Director. Exclude a Deputy Superintendent who serves as the Chief Operating Officer and the Assistant Superintendent of Instruction.

480 Head of Organizational Unit Supplies: Amounts paid for material items of an expendable nature for use by the head of an organizational unit reporting directly to the District Superintendent. **However, LEAs whose 135-day ADM is 2,000 students or less may decide to capture the costs for the head of the organizational unit in the same supply object as others in the office (i.e. 410 for regular supplies). If the head of the component is performing more management duties than actually performing day to day operations, use object 480.**

Examples of employees that could be charged here include the Chief Financial Officer, Chief Human Resources Officer, and Chief Audit Director. Exclude a Deputy Superintendent who serves as the Chief Operating Officer and the Assistant Superintendent of Instruction.

680 Head of Organizational Unit Other Objects: Amounts paid for goods or services for the head of an organizational unit one level below the District Superintendent. **However, LEAs whose 135-day ADM is 2,000 students or less may decide to capture the costs for the head of the organizational unit in the same supply object as others in the office (i.e. 640 for Organizational Membership Dues and Fees). If the head of the component is performing more management duties than actually performing day to day operations, use object 680.**

Examples of employees that could be charged here include the Chief Financial Officer, Chief Human Resources Officer, and Chief Audit Director. Exclude a Deputy Superintendent who serves as the Chief Operating Officer and the Assistant Superintendent of Instruction.

This memo rescinds the previous memo dated February 4, 2015 instructing LEAs to charge expenditures to the head of a component unit to function 261. All other classifications in the February 4, 2015 memo are still valid.

cc: Nancy W. Williams, CPA, Director, Office of Auditing Services
Mellanie Jinnette, CFO