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MEMORANDUM

TO: Members, Utah State Board of Education

FROM: Brad C. Smith
Chief Executive Officer

DATE: June 18-19, 2015

INFORMATION: FY2016 USOE\USOR Indirect Cost Pool Update

Background:
The Internal Auditor for the Utah State Board of Education recommended that the Utah State Office of Education change the way the Indirect Cost Rates were calculated in an audit presented to the Audit Committee of the Utah State Board of Education on February 19, 2015. Historically, the Utah State Office of Education calculated the Indirect Cost Rates and entered into an agreement with the U.S. Department of Education using a restricted rate as prescribed by them.

For the 2016 indirect cost plan, USOE Internal Accounting has begun the process of developing one indirect cost pool and rate for the Utah State Office of Education and one for the Utah State Office of Rehabilitation. This is consistent with the recommendation from the Internal Auditor that USOE should use the multiple allocation base method. Initial discussions have begun with the U.S. Department of Education concerning this revision to the FY 16 Indirect Cost Plan.

Key Points:
The Indirect Cost Rate Proposal update will be presented to the Finance Committee for discussion during the June Board Meeting.

Anticipated Action:
No anticipated action; interim report.

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