

**BALTIMORE COUNTY PUBLIC SCHOOLS**

**DATE:** August 13, 2002

**TO:** **BOARD OF EDUCATION**

**FROM:** **Dr. Joe A Hairston, Superintendent**

**SUBJECT:** **Policy 3122 - NON-INSTRUCTIONAL SERVICES: Fiscal Services – Accounting and cash management: Classification of Expenditures and Rule 3122 - NON-INSTRUCTIONAL SERVICES: Classification of Expenditures - Indirect Costs**

**ORIGINATOR:** **J. Robert Haines, Deputy Superintendent, Business Services**

**RESOURCE PERSON(S):** **Barbara Burnopp, Executive Director, Fiscal Services**

**INFORMATION**

Policy 3122 - NON-INSTRUCTIONAL SERVICES: Fiscal Services – Accounting and cash management: Classification of Expenditures, and Rule 3122 - NON-INSTRUCTIONAL SERVICES: Classification of Expenditures - Indirect Costs, were updated as part of the initiative of the Division of Business Services to update outdated Board Policies. The policy was adopted in 1968 and revised in 1980. Changes have been reviewed by the Board Policy Review Committee, and have been made to reflect current language and references.

Attachment I – Board Policy 3122  
Attachment II – Superintendent Rule 3122

NON-INSTRUCTIONAL SERVICES: Fiscal Services

Accounting and cash management: Classification of Expenditures

The code of accounts for the classification of expenditures shall be based on the approved budgets and shall be consistent with [good accounting practices] **GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**. The account structure shall permit compliance with the budgeting and financial reporting requirements established by the Maryland State Department of Education, AS PUBLISHED IN *THE FINANCIAL REPORTING MANUAL FOR MARYLAND PUBLIC SCHOOLS*.

Legal Reference: Annotated Code of Maryland, Education Article  
§5-101 Annual school budget

Policy  
Adopted: 9/16/68  
Revised: 6/19/80  
Revised: \_\_\_\_\_

Board of Education  
of Baltimore County

NON-INSTRUCTIONAL SERVICES: Fiscal Services

Classification of Expenditures

Indirect Costs

1. As used in this rule, indirect costs are defined as those allocations of administrative expenditures necessary to manage grant programs. Fiscal Services shall charge all grants indirect costs.
2. This rule sets forth the definition, purpose and classification of indirect costs for grant budgets.
3. Fiscal Services shall establish procedures to ensure that all grant budgets include indirect costs, and to account for indirect cost funds collected in accordance with the *Financial Reporting Manual for Maryland Public Schools*.
4. All grant managers shall include indirect costs when the budget is prepared and submitted, except where the charging of indirect costs is prohibited by the granting agent.
5. Annually, the Maryland State Department of Education (MSDE) calculates the indirect cost rate plan for Baltimore County Public Schools. This rate will be applied to all grants, unless prohibited by the granting agent.
6. Fiscal Services will be responsible for collecting indirect costs from the grants. Funds will be allocated to the indirect cost recovery fund.
7. Fiscal Services prepares the proposed draft of expenditures from indirect cost recovery funds with input from BCPS staff for approval by the superintendent.
8. Fiscal Services will prepare indirect cost recovery budget for inclusion in the operating budget in the special revenue fund.

Rule

Approved:

Superintendent of Schools