

# Administrative Allocations

FIN-ACC-360



## About This Policy

**Effective Dates:**

07-01-1996

**Last Updated:**

07-01-1996

**Responsible University Administrator:**

Vice President and Chief Financial Officer

**Policy Contact:**

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## Scope

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## Policy Statement

The allocation of administrative costs should be reviewed by University administration. This review will include verification that the allocations are consistent with the other administrative costs allocations and that there are not any accounts being charged more than once for the same costs.

## Reason For Policy

The Cost Accounting Standards require the University to be consistent in all aspects of costing methodologies. Many units of Indiana University allocate administrative costs. This policy would give the University assurance that the accounts being billed are charged for the service only once.

## Procedure

Organizations that implement an administrative allocation will be required to provide a copy of the allocations and the corresponding rationale to the office of the campus business officer and then the University Budget Office.

## Definitions

**Administrative Allocation of Costs:** The process of accumulating a group of administrative expenditures and allocating these costs to a group of accounts.

## History

The source to this policy is:

Cost Accounting Standards (CAS) 9905.501 Consistency in estimating, accumulating and reporting costs by educational institutions. Cost Accounting Standards. (CAS) 9905.502, Consistency in allocating costs incurred for the same purpose by educational institutions, Chief Accountant