REFERENCES

- Community Services Block Grant (CSBG) Agreement
- CSPM Item 402.1 – CSBG: Definition of Cost Categories
- CSPM Item 408 – CSBG: - Line Item Transfer Requests for Expenditure Plans and Budgets

POLICY

The Grantee shall submit separate monthly Statements of Expenditures (SOE), for each PCA code associated with the CSBG Agreement, to the Department of Human Services (DHS). The SOE shall accurately indicate actual expenditures incurred, broken out by category of expense, in the performance of the Agreement for the period being billed. (See Item 402.1 for definitions of the cost categories.)

The Grantee shall submit a detailed General Ledger for each SOE along with any other supporting documentation as required by DHS.

The SOE and supporting documents shall be submitted to DHS within 30 days from the end of the monthly billing period. For the month of September, billings shall be submitted as directed by DHS to meet fiscal year-end closing deadlines. In no event shall DHS make a payment to the Grantee for billings submitted more than 90 days after the end of a monthly billing period, without prior DHS approval. Obligations incurred outside of the term of the Agreement shall not be eligible for reimbursement.

The Grantee shall utilize the DHS SOE forms (in excel format) for the respective Agreement types.

SUBMITTAL PROCESS

The signed SOE must be submitted as a PDF attachment via email to: DHS-SOE-BCAEO@michigan.gov.

Please note the following:

- ☐ Submit SOEs with supporting documents for each Grant series in separate attachments.
- ☐ Submit SOEs and supporting documents in PDF format (other formats have to be converted to PDF by BCAEO staff, which may increase the processing time).
- ☐ The BCAEO email system only accepts attachments up to 15MB in size. If the supporting documents are larger, please split the attachment and submit through multiple emails.
- ☐ Agreement ID and Month should be clearly stated in the email subject line. (*Example: CSBG-13-10045 June)*
- ☐ If sending multiple SOEs in one email, please list the month in the subject line and name each attachment with the naming convention noted in the bullet above.
- ☐ The address DHS-SOE-BCAEO@michigan.gov will be used exclusively for submission of Statements of Expenditures and supporting documents.
- ☐ The address DHS-BCAEO@michigan.gov will continue to be used for general correspondence, contract submission, etc.

If you have any questions or comments, please contact your Grant Manager.

PURPOSE

The DOE Weatherization Assistance Program (WAP) Agreement, Section II, requires the submission of a monthly expenditure report.

POLICY

The Grantee is required to submit a monthly DHS-4326-DOE Statement of Expenditures (SOE), to the Department of Human Services (DHS). The SOE will identify actual expenditures incurred, by category of expense, in the performance of the program for the period being billed. See Item 202 for forms and Item 402.2 for definitions of cost categories on the form.

Form DHS-4326-A, WAP Vehicle Purchase, is required for **all** vehicles purchased during the program year. If the Grantee is amortizing, DHS-4326-A is required throughout the period of amortization.

In instances where costs are shared between LIHEAP and DOE for a particular dwelling, they should be allocated in accordance with the Grantee's written cost allocation plan, as required in Item 403.

Note: Completion of the WAP Monthly Programmatic Report, via FACSPro and the DHS-1071 as appropriate, is directly linked to the accurate completion of the SOE. Failure to submit the required programmatic reporting in a timely manner may result in delays in processing the SOE. See Item 602 for monthly programmatic report instructions.

DHS-4326-DOE Statement of Expenditures

The SOE is an Excel formatted form. The SOE begins with the July tab, and a monthly tab follows for each month in the program year.

Section I: Enter contract number, grantee name, mail code and F.E. number on the
April tab. This information will auto-fill all subsequent tabs.

Section II: Check bill type.

Section III, Reported Expenditures: Enter "Approved Budget" and "Expenditures This Period" column figures. The "Approved Budget" figures will auto-fill all subsequent tabs.

Note: The "Approved Budget" figures should only change as a result of a contract amendment or a DHS-approved line item transfer request.

For reporting vehicle purchase expenditures in Section III of the SOE:

Line 2 - Support: Include vehicle purchase expenditures here if not amortizing. The vehicle cost is billed in the month the payment is made.

Line 3 – Vehicle Purchase: If amortizing, report vehicle purchase expenditures here.

Section IV, Other Income: Use this section to report all other income including program income, interest income and landlord contributions. Enter the amount received and the amount expended program year to date each month. Also indicate the source of this income in the space provided.

Note: Do not include these amounts in any other section.

Section V, Average Cost per Unit:

This section is used to calculate the average cost per unit and the average health and safety cost per unit.

1. **Total Labor/Materials plus Support**: This amount will be pre-filled from figures in Section III.

2. **PYTD Amortized Vehicle Cost:** If the Grantee chooses to amortize the cost of the vehicle, the amount amortized Program Year to Date will be pre-filled from the information entered on the DHS-4326-A.

3. **Total Cost:** This amount will be calculated automatically.

4. **Total Completed Units:** Enter the total number of ALL completed units, including units not receiving health and safety measures.

5. **Average Cost Per Unit:** The average cost per unit will be calculated automatically.

6. **PYTD Health & Safety:** this amount will be pre-filled from figures in Section III.

7. **Average Health & Safety Cost per Unit:** The average Health & Safety cost per unit will be calculated automatically.

Section VI, DHS Approval

This section is used by DHS only.

DHS-4326-A, Weatherization Assistance Program Vehicle Purchase

The DHS-4326-A is an Excel form and it is the Page 2 tab for each month, of the SOE.

Section I: Use this section of the form to report **all** vehicles purchased whether amortizing or not.

Section II: Use this section of the form to calculate the amortization schedule of all vehicles the Grantee is amortizing.

Number of Years of Amortization: Enter the number of years of amortization.

Monthly Amortization Amount: This amount will be calculated automatically.

Number of Months Amortized since purchase: Enter the number of months amortized since the original purchase.

Amount Amortized since Purchase: This amount will be calculated automatically.

Amount Amortized PYTD: This amount equals the monthly amortization amount multiplied by the number of months amortized in the current program year.

The SOE, including the DHS-4326-A if needed, are to be submitted within 30 days from the end of the monthly billing period. If the billing is not received during this period, no payment will be made by DHS that billing period unless an exception is specifically authorized by the DHS director or delegated representative. In no event, will DHS make a payment to the Grantee for billings submitted more than 90 days after the end of a billing period.

SUBMITTAL PROCESS

The signed SOE may be submitted in one of the following manners:

Electronically as a PDF attachment to the DHS-BCAEO Mail Box at: DHS-BCAEO@michigan.gov with a copy to your grant manager.

REFERENCES

- WAP16 Agreements
- CSPM Item 402.3 – LIHEAP Definition of Cost Categories
- CSPM Item 408 – Line Item Transfers

PURPOSE

The Low Income Home Energy Assistance Program (LIHEAP) Agreement requires the submission of a monthly expenditure report.

POLICY

The Grantee is required to submit a monthly Statement of Expenditures (SOE) to the Michigan Department of Health & Human Services (DHHS). The WAP-LIHEAP SOE will identify actual expenditures incurred by category of expense in the performance of the program for the period being billed. (See Item 402.3 for definitions of cost categories).

Instances where costs are shared between LIHEAP and DOE for a particular dwelling should be allocated in accordance with the Grantee's written cost allocation plan, as required in Item 403.

The Grantee shall submit a detailed General Ledger for each SOE along with any other supporting documentation as required by the Bureau of Community Action and Economic Opportunity (BCAEO).

The SOE and supporting documents shall be submitted to DHHS within 30 days from the end of the monthly billing period. For the month of September, billings shall be submitted as directed by DHHS to meet fiscal year-end and closing deadlines. In no event shall DHHS make a payment to the Grantee for billings submitted more than 60 days after the end of a billing period, without prior approval from DHHS.

Grantees have no more than 90 days after the end of a reporting month to submit revised SOEs.

Obligations incurred outside of the term of the Notice of Funds Available (NFA) shall not be eligible for reimbursement.

Reimbursement request for actual weatherization job costs shall not be submitted until the job is completed. See CSPM 602 for description of a completed job.

Statement of Expenditures

The SOE is an Excel formatted form. The SOE begins with the October tab, and a monthly tab follows for each month in the program year.

Section I: Enter contract number, grantee name, mail code and F.E. number.

Section II: Check bill type.

Section III, Reported Expenditures: Enter "Approved Budget" and "Expenditures this Period" column figures.

Note: The "Approved Budget" figures are only entered on the October tab. The figures will then pre-fill in each of the following monthly reports. The "Approved Budget" figures should only change as a result of a contract amendment or a DHS-approved line item transfer request.

Section IV, Other Income: Use this section to report all other income including program income, interest income, etc. Enter the amount received and the amount expended program year to date (PYTD) each month. Also indicate the source of this income in the space provided.

Note: Do not include these amounts in any other section.

Section V, Average Cost Per Unit:

1. Total Labor/Materials PYTD: This amount will be pre-filled from figures in Section III.
2. Total Units Completed PYTD: Enter the total number of all completed LIHEAP-funded units.
3. Average Cost: This amount will be calculated automatically.

Note: Completion of the WAP Monthly Programmatic Report, via FACSPro and the DHS-1071 as appropriate, is directly linked to the accurate completion of the SOE. Failure to submit the required programmatic reporting in a timely manner may result in delays in processing the SOE. See Item 602 for monthly programmatic report instructions

SUBMITTAL PROCESS

The signed SOE must be submitted as a PDF attachment via email to:
DHHS-SOE-BCAEO@michigan.gov

Please note the following:

☐ Submit SOEs with supporting documents for each Grant series in separate attachments.

- ☐ Submit SOEs and supporting documents in PDF format (other formats have to be converted to PDF by BCAEO staff, which may increase the processing time).
- ☐ The BCAEO email system only accepts attachments up to 15MB in size. If the supporting documents are larger, please split the attachment and submit through multiple emails.
- ☐ Agreement ID and Month should be clearly stated in the email subject line. (*Example: WAP16-LIHEAP-10045 June)*
- ☐ If sending multiple SOEs in one email, please list the month in the subject line and name each attachment with the naming convention noted in the bullet above.
- ☐ The address DHHS-SOE-BCAEO@michigan.gov will be used exclusively for submission of Statements of Expenditures and supporting documents.
- ☐ The address DHHS-BCAEO@michigan.gov will continue to be used for general correspondence, contract submission, etc.

If you have any questions or comments, please contact your Grant Manager.

REFERENCES

- LCA Agreements
- CSPM Item 402.4 – LCA Definition of Cost Categories

PURPOSE

The LCA Agreement requires the submission of a monthly expenditure report.

POLICY

The Grantee is required to submit a monthly Statement of Expenditures (SOE) to the Department of Human Services (DHS). The LCA SOE will identify actual expenditures incurred by category of expense in the performance of the program for the period being billed. (See Item 402.4 for definitions of cost categories).

The Grantee shall submit a detailed General Ledger for each SOE along with any other requested supporting documentation including but not limited to, time sheets, payroll registers, invoices, check copies and bank statements, or cancelled checks. Expensed will be verified based on actual expenditures incurred within the grant period that are supported by documentation, not budgeted amounts.

The SOE and supporting documents shall be submitted to DHS within 30 days from the end of the monthly billing period. For the month of September, billings shall be submitted as reasonably directed by DHS to meet fiscal year-end and closing deadlines. In no event shall DHS make a payment to the Grantee for billings submitted more than 60 days after the end of a billing period, without prior approval from DHS.

Statement of Expenditures

The SOE is an Excel formatted form. The SOE begins with the October tab, and a monthly tab follows for each month in the program year.

Section I: Enter contract number, grantee name, mail code and F.E. number.

Section II: Check bill type.

Section III, Reported Expenditures: Enter “Approved Budget” and “Expenditures this Period” column figures.

This should be 92% of your allocation for Direct Program and 8% for Admin.

Section IV, Other Income: Use this section to report all other income including program income, interest income, etc. Enter the amount received and the amount expended program year to date each month. Also indicate the source of this income in the space provided.

Note: Do not include these amounts in any other section.

SUBMITTAL PROCESS

The signed SOE must be submitted as a PDF attachment via email to: DHS-SOE-BCAEO@michigan.gov.

Please note the following:

- ☐ Submit SOEs with supporting documents for each Grant series in separate attachments.
- ☐ Submit SOEs and supporting documents in PDF format (other formats have to be converted to PDF by BCAEO staff, which may increase the processing time).
- ☐ The BCAEO email system only accepts attachments up to 15MB in size. If the supporting documents are larger, please split the attachment and submit through multiple emails.
- ☐ Agreement ID and Month should be clearly stated in the email subject line. (*Example: LCA13-12345-2 June)*
- ☐ If sending multiple SOEs in one email, please list the month in the subject line and name each attachment with the naming convention noted in the bullet above.
- ☐ The address DHS-SOE-BCAEO@michigan.gov will be used exclusively for submission of Statements of Expenditures and supporting documents.

REFERENCES

- LIHEAP Agreements
- CSPM Item 402.5 – LIHEAP Definition of Cost Categories
- CSPM Item 408 – Line Item Transfers

PURPOSE

The Low Income Home Energy Assistance Program (LIHEAP) Agreement requires the submission of a monthly expenditure report.

POLICY

The Grantee is required to submit a monthly Statement of Expenditures (SOE) to the Michigan Department of Human Services (MDHHS). The LIHEAP Emergency WAP SOE will identify actual expenditures incurred by category of expense in the performance of the program for the period being billed. (See Item 402.3 for definitions of cost categories).

The Grantee shall submit a detailed General Ledger for each SOE along with any other supporting documentation as required by the Bureau of Community Action and Economic Opportunity (BCAEO).

The SOE and supporting documents shall be submitted to DHHS within 30 days from the end of the monthly billing period. For the month of September, billings shall be submitted as directed by DHHS to meet fiscal year-end and closing deadlines. In no event shall DHS make a payment to the Grantee for billings submitted more than 90 days after the end of a billing period, without prior approval from DHHS.

Obligations incurred outside of the term of the Notice of Funds Available (NFA) shall not be eligible for reimbursement.

Reimbursement request for actual emergency weatherization job costs shall not be submitted until the job is completed. A job is considered completed when all work has been completed and the FACSPro Action plan has been completed.

Statement of Expenditures

The SOE is an Excel formatted form. The SOE begins with the first month of the grant tab, and a monthly tab follows for each month in the program year.

Section I: Enter contract number, grantee name, mail code and F.E. number.

Section II: Check bill type.

Section III, Reported Expenditures: Enter "Approved Budget" and "Expenditures this Period" column figures.

Note: The "Approved Budget" figures are only entered on the April tab. The figures will then pre-fill in each of the following monthly reports. The "Approved Budget" figures should only change as a result of a contract amendment or a DHHS-approved line item transfer request.

SUBMITTAL PROCESS

The signed SOE must be submitted as a PDF attachment via email to: MDHHS-SOE-BCAEO@michigan.gov

Please note the following:

- ☐ Submit SOEs with supporting documents for each Grant series in separate attachments.
- ☐ Submit SOEs and supporting documents in PDF format (other formats have to be converted to PDF by BCAEO staff, which may increase the processing time).
- ☐ The BCAEO email system only accepts attachments up to 15MB in size. If the supporting documents are larger, please split the attachment and submit through multiple emails.
- ☐ Agreement ID and Month should be clearly stated in the email subject line. (*Example: LIHEAP-13-10045 June)*
- ☐ If sending multiple SOEs in one email, please list the month in the subject line and name each attachment with the naming convention noted in the bullet above.
- ☐ The address MDHHS-SOE-BCAEO@michigan.gov will be used exclusively for submission of Statements of Expenditures and supporting documents.
- ☐ The address MDHHS-BCAEO@michigan.gov will continue to be used for general correspondence, contract submission, etc.

If you have any questions or comments, please contact your Grant Manager.

REFERENCES

- LCA Agreements

PURPOSE

The LCA Agreement requires the submission of a monthly expenditure report.

POLICY

The Grantee is required to submit a monthly Statement of Expenditures (SOE) to the Michigan Department of Health & Human Services (MDHHS). The LCA SOE will identify actual expenditures incurred by category of expense in the performance of the program for the period being billed.

The Grantee shall submit a detailed General Ledger for each SOE. Upon request, additional documentation may be required, including but not limited to, time sheets, payroll registers, invoices, check copies and bank statements, or cancelled checks. Expenses will be verified based on actual expenditures incurred within the grant period that are supported by documentation, not budgeted amounts.

The SOE and supporting documents shall be submitted to MDHHS within 30 days from the end of the monthly billing period. For the month of September, billings shall be submitted as reasonably directed by MDHHS to meet fiscal year-end and closing deadlines. In no event shall MDHHS make a payment to the Grantee for billings submitted more than 60 days after the end of a billing period, without prior approval from MDHHS.

Statement of Expenditures

The SOE is an Excel formatted form. The SOE begins with the September tab, and a monthly tab follows for each month in the program year.

Section I: Enter contract number, grantee name, mail code and F.E. number.

Section II: Check bill type.

Section III, Reported Expenditures: Enter “Approved Budget” and “Expenditures this Period” column figures.

Note: The “Approved Budget” figures are only entered on the September tab. The figures will then pre-fill in each of the following monthly reports. The “Approved Budget” figures should only change as a result of a contract amendment or a MDHHS-approved line item transfer request.

SUBMITTAL PROCESS

The signed SOE must be submitted as a PDF attachment via email to: MDHHS-SOE-BCAEO@michigan.gov.

Please note the following:

- ☐ Submit SOEs with supporting documents for each Grant series in separate attachments.
- ☐ Submit SOEs and supporting documents in PDF format (other formats have to be converted to PDF by BCAEO staff, which may increase the processing time).
- ☐ The BCAEO email system only accepts attachments up to 15MB in size. If the supporting documents are larger, please split the attachment and submit through multiple emails.
- ☐ Agreement ID and Month should be clearly stated in the email subject line. (*Example: LCA16-12345 June)*
- ☐ If sending multiple SOEs in one email, please list the month in the subject line and name each attachment with the naming convention noted in the bullet above.
- ☐ The address MDHHS-SOE-BCAEO@michigan.gov will be used exclusively for submission of Statements of Expenditures and supporting documents.

REFERENCES

- Community Services Block Grant (CSBG) Agreement
- Office of Management and Budget (OMB) Uniform Guidance
- U.S. Department of Health and Human Services (HHS), CSBG Information Memorandum, Transmittal No. 37 (12/10/99)
- CSBG Program – Allowable and Unallowable Costs (By Cost Line Items)

PURPOSE

To describe the Program Accounts and Cost Categories/Budget Line Items to be used in preparation of the Grantee's CSBG Planned Expenditures as well as the Allowable and Unallowable Costs (Attachment A). It also provides a link to the HHS website (CSBG Information Memorandum, Transmittal No. 37) regarding some costs with administrative qualities that can be identified/charged as direct program costs.

POLICY

Grantees will determine the type, financial limitations and the frequency of any direct monetary services provided as well as any non-income related eligibility criteria**.**

The following services are not allowed with CSBG funds:

a. Purchase or improvement of land or the purchase, construction or permanent improvement of any building or other facility.

   Work is a “permanent improvement” if it:
   - Materially increases permanent value of the property;
   - Appreciably prolongs life of the property; or
   - Puts, rather than maintains, the property in efficient operating condition

   Work is not a “permanent improvement” if it is:
   - Maintenance and repair. *2 CFR Part 230, App. B, ¶ 27; 2 CFR Part 225,*
   - *App. B, ¶ 25.*
   - Rearrangement and alteration costs. *2 CFR, App. B, Part 230, ¶ 39; 2*
   - *CFR Part 225, App. B, ¶ 35.*

   Note: Assistance with a delinquent mortgage or property tax payment is allowed. A permanent improvement to a home, such as installing a different furnace system (e.g., from electric to gas) or making a change to the inside or outside structure of the home, is not allowed. Contact your DHHS grant manager if you are uncertain about the allowability of a specific service.

b. Leasing of space, buildings, and/or other assets not associated with a CSBG purpose or allowable activity.

c. Political activity such as:
   - Any partisan or nonpartisan activity or any political activity associated with a candidate or contending faction or group, in an election for public or party office;
   - Any activities to provide voters and prospective voters with transportation to the polls or provide similar assistance in connection with an election; or
   - Any voter registration activity.

Program Accounts

1. Administrative Costs

This account includes costs for administering and managing the central staff and centralized functions of the agency, including but not limited to the following:

- General management of the Grantee organization, such as: strategic direction; Executive Director and executive support functions; and staff and costs related to accounting, budgeting, personnel/human resources, procurement, legal services, data processing, maintenance, etc.

- Management research activities (such as collection, storage, and retrieval of management information) are included when such activities are not part of a specific project, but are utilized as a means of central administration.

- Costs related to the single audit, federally approved Indirect Costs and direct administrative costs charged by a local unit of government for public entities.

- Expenditures for the support or development of members of the governing board or policy advisory councils, agency annual meetings and annual reports.

2. Direct Program Costs

This account includes allowable services and activities that have a measurable impact on the causes of poverty in the community. This includes services and activities geared toward clients attaining meaningful education and employment opportunities, emergency assistance, adequate housing/living environments, participation in community affairs and the removal of obstacles to improved self-sufficiency. Allowable costs include (but are not limited to):

- Costs related to the support of program directors, outreach workers, and others providing assistance to clients.
- Direct assistance to eligible individuals (Specific Assistance to Individuals).
- Activities related to the core CSBG program purpose, which are significant and necessary to the Grantee's mission, such as: coordinating, strengthening and expanding local services and programs related to the elimination of poverty. These include but are not limited to:
  - Multi-agency strategic planning, community-wide needs assessments and dialogues on poverty (activities formally involving multiple service providers).
  - Costs related to the support of agency planners/grant writers, costs associated with non-CSBG grant applications, and portions***** of executive and deputy director salaries for activities related to the core CSBG program purpose.

    * Since "executive" staff are generally charged to PA01-Administrative Costs, staff time reports, or activity reports, must support charges to the PA02-Direct Program account.
- Co-location of complementary services; computerization of common intake and referral systems; formalized networking to share resources and facilities; and organization of cross-sector coalitions to address specific community concerns.

Cost Categories/Budget Line Items

The cost categories/budget line items applicable to the CSBG Expenditure Plan include:

- Salary and Wages
- Fringe Benefits
- Occupancy
- Communication
- Supplies
- Equipment
- Transportation
- Consultant/Professional Services
- Specific Assistance
- Miscellaneous

The definitions for these line items, as well as a description of the allowable and unallowable costs under the CSBG, are included in the following pages. The agency should become familiar with allowable and unallowable costs.

- Budget development shall be based on sound cost accounting principles.
- Budgets shall be in compliance with the OMB Uniform Guidance.
- Costs not specifically identified as “Allowable and Unallowable Costs” may be included if reasonable and necessary. These costs should be discussed with BCAEO staff.
- Unallowable costs shall not appear in the budget.
- Copies of appropriate subcontractor budgets and agreements must be included if over $25,000.

Allowability of costs is also addressed in the CSBG Agreement, OMB Uniform Guidance, and the HHS website, at http://archive.acf.hhs.gov/programs/ocs/csbg/guidance/im37.html

► Updates are marked with a line in the right margin

CSBG PROGRAM

ALLOWABLE AND UNALLOWABLE COSTS

A. SALARY AND WAGES

DEFINITION: Gross compensation paid to employees in the form of cash, products, or services including vacations, holidays, sick leave and leaves of absence. Paid absences must be reimbursed uniformly for both employees paid under this agreement as well as employees not paid under this agreement but performing similar work.

ALLOWABLE COSTS:

1. Only costs that support the goals and activities of the total program.

2. Rates reasonable and consistent with those paid for similar activities by the grantee.

3. Rates competitive with those paid for similar services provided by other agencies for doing similar work.

4. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.

5. Overtime and multi-shift premiums:
   a) When management of the grantee authorizes such costs as part of their established policies and in accordance with sound business practices
   b) For emergencies or performance of tasks which cannot reasonably be interrupted.

UNALLOWABLE COSTS:

1. Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.

2. The value of donated volunteer time in providing services.

3. Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization. See incentive compensation rules above.

4. Costs already funded through a separate contract and/or another funding source. Example: Program Manager is currently charged to Contract A @ 60 percent of salary/fringes and to Contract B @ 30 percent of salary/fringes. In the budget for new Contract C, the same Program Manager cannot be charged @ more than 10 percent of the same salary/fringe compensation package that was used for Contracts A & B.

B. FRINGE BENEFITS

DEFINITION: Funds allocated to cover allowances, costs and services provided by the grantee to or on behalf of its employees and not included as compensation of salaries and wages. The CSBG's percentage of the cost of each fringe benefit cannot exceed the percentage of total CSBG salaries to total program salaries.

REQUIRED COSTS:

1. All fringe benefits required by law are mandatory. If salaries are included in the budget, the following fringe benefit costs are required.
   a) FICA (Social Security and Medicare, typically calculated at 7.65%)
   b) Unemployment Compensation
   c) Worker's Compensation

2. If Unemployment compensation is not included in the budget:
   - The Grantee must supply documentation that it is a "Reimbursing Employer" with the Bureau of Worker's & Unemployment Compensation, or
   - Make a note of any other fund source that will be covering the cost of unemployment

ALLOWABLE COSTS:

1. Typical fringes include:

   a) Social Security (Maximum 6.20%) (Employer's share) (** See below)
   b) Medicare (Maximum 1.45%)
   c) Unemployment (***See below)
   d) Worker's Compensation
   e) Retirement
   f) Health Insurance
   g) Life Insurance
   h) Disability Insurance
   i) Any other services costs or allowances paid by the employer as required by law, agreement, or established in policy

2. Fringe benefits not required by law (e.g. health insurance, retirement and disability) must meet the following criteria to be allowable:

   a) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
   b) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

** The Social Security maximum base wage is $118,500 per employee or the entire wage if under $118,500.

*** The unemployment maximum is the base wage per employee or the entire wage if under the maximum base wage. Do not charge unemployment for the employee if this is a shared position and the base wage limit is included in another Cost Reimbursement Agreement or payment rate. *Your agency base wage should be listed on the letter you receive from the Michigan Unemployment Insurance Agency.*

UNALLOWABLE COSTS:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.

2. Personal use of organization vehicles (including transportation to and from work) even if reported on a W-2.

3. Costs or allowance paid by the grantee but not required by law, agreement, or established policy.

4. Severance Pay.

5. Costs in excess of the pro-rated portion attributable to partial (less than full-time FTE's.)

6. Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.

7. Costs already funded through a separate contract and/or another funding source.

C. OCCUPANCY

DEFINITION: Costs arising from occupancy and use of owned or leased buildings and offices

ALLOWABLE COSTS:

1. Depreciation of that portion of the organization's building and improvements used for the program as figured on a straight-line basis on grantee facilities with a 40 year life, based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records.

2. Depreciation on assets donated by third parties is allowable. The value of the donated asset used to calculate these charges shall be the market value at the time of the donation.

3. The actual payment of rental costs to a third party for use of the facility and property. Rates must be reasonable in light of such factors as rental costs of comparable facilities and personal property market conditions in the area, the type, life expectancy, condition and value or the facilities leased, options available, and other provisions of the rental agreement.

4. Insurance to cover loss of assets.

5. Normal maintenance and repair costs: costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life.

6. Costs incurred for rearrangement and alteration of facilities required to specifically meet conditions of the agreement that do not increase the value of the property. (See Unallowable Costs.)

7. Operation costs, such as cost of utilities, security, janitorial service, elevator service to the extent they are not otherwise included in rental or other charges for space.

8. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection.

9. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

UNALLOWABLE COSTS:

1. Cost of rent or lease of items between plants, divisions, or organizations under common control or ownership, or any less than arms-length transaction cannot exceed allowable cost of the same asset(s).

2. Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments.

3. Depreciation for assets fully depreciated by the grantee.

4. Depreciation on assets that have outlived their useful lives.

5. Use Allowance. **Note:** If use allowance was taken on an asset not fully depreciated, you may convert to depreciation but total of both depreciation and use allowance may not exceed cost of the asset.

6. Building depreciation expense greater than the amount calculated using straight-line method and a 40 year useful life.

7. Costs related to idle facilities.

8. The purchase or improvement of land or the purchase, construction, or permanent improvement of any building or other facility.

D. COMMUNICATION

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS:

1. Costs incurred for telephone calls or service, pagers, fax service, cellular phone service, wide area telephone services (WATS), centrex, postage, messenger service and similar expenses related to grantee operations. Telephones, pagers and other communication devices should be charged to this item.

2. Printing, reproduction and publication costs required by the agreement.

3. Costs of informing or instructing groups, individuals, or the general public about grantee services provided, as required by the agreement.

4. Costs of gaining the interest of groups or individuals to participate in a service program, including recruitment of volunteers.

5. State and Federal excise taxes.

6. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.

UNALLOWABLE COSTS:

1. Fundraising activities.

2. Advertising and public relations designed solely to promote the entity.

E. SUPPLIES

DEFINITION: Consumable or non-consumable items with a unit cost of less than $5,000. Consumable supplies are those that are consumed as they are used (pencils, paper, etc.). Non-Consumable supplies are those that are not consumed as they are used (file cabinets, chairs, computers, and other durable goods).

ALLOWABLE COSTS:

1. Costs associated with delivery of supplies.

2. Purchase cost of consumable and non-consumable supplies relevant to the grantee's operation and allowable under the CSBG program.

3. State sales taxes.

UNALLOWABLE COSTS:

1. Consumable and non-consumable supplies for program activities not allowed under the CSBG program.

2. Consumable supplies that will not be consumed during this agreement period.

F. EQUIPMENT

DEFINITION: Any non-consumable item with an acquisition cost of $5,000 or more (including program software) that is not attached to or included as part of the cost of a facility.

ALLOWABLE COSTS:

1. Equipment purchases cannot be expensed directly to the CSBG grant; the costs must be capitalized and budgeted as depreciation. Exception: Costs (or shared costs) for purchased equipment may be charged to CSBG if an Equipment Waiver Request has been approved by the BCAEO.

   Waiver Process: As part of the grantee's application process, the BCAEO will accept formal waiver requests to purchase "equipment" that will benefit the agency's programs or clients. Agencies submitting a request must do so by utilizing the Equipment Waiver Request form (DHS-4328) and by providing the required documentation with the CSBG application. Purchases cannot occur unless and until a waiver has been granted.

2. Depreciation costs due to the normal depreciation as figured on straight line basis over five (5) years on the valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records and depreciation schedules.

3. Rental costs for equipment paid to a third party in an arms length transaction must be reasonable, using factors such as: rental costs for comparable equipment and personal property; market conditions in the area; the type, life expectancy, condition and value of the equipment leased; options available and other provisions of the rental agreement. Include such items as computers, phone systems, copiers and office furniture if the unit cost equals or exceeds $5,000.

4. Insurance to cover loss of equipment.

5. Normal equipment maintenance and repair costs.

6. Cost of transportation or freight in delivering equipment to the Grantee.

UNALLOWABLE COSTS:

1. Rental of equipment between plants, divisions or organizations under common control or ownership.

2. The amount that rental costs under any type of "option to buy" arrangement exceed rental costs without an "option to buy".

3. Any portion of the purchase price of equipment over $5,000. See "allowable costs" for proper method of charging equipment.

4. Use allowance

G. TRANSPORTATION

DEFINITION: Transportation costs include the costs of travel, lodging, meals and incidental expenses incurred by personnel or grantee board members in a travel status while on official business. Travel rates established by the State of Michigan will be used as a guideline in determining reasonableness of rates charged to the CSBG grant.

ALLOWABLE COSTS:

1. Actual expenses controlled by maximum reimbursement rate for meals and lodging.

2. Per diem or mileage in lieu of actual costs if a standard reimbursement schedule exists for all employees.

3. Actual cost of a grantee owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when the vehicle is used for an allowable CSBG activity. When depreciating a vehicle, the depreciation must be based on acquisition cost less salvage value of vehicle to be replaced. Use straight-line and five (5) year useful life.

4. Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.

5. Air travel, less than first class, when attending conferences/training.

   NOTE: The grantee must identify the potential conference or trainer sponsor(s) for such travel when itemizing this cost. Example of sponsors include: NASCSP, CAP, NCAF, CAPLAW, etc.

6. Transportation of clients as part of grantee services.

NOTE: Documentation must justify that 1) Participation is necessary for the federal award; and 2) Costs are reasonable and consistent with entity policy.

UNALLOWABLE COSTS:

1. Mileage reimbursement when grantee vehicle is used.

2. Mileage, lodging, and meal costs in excess of prevailing Grantee rate or State of Michigan rate, whichever is less. (Unless a higher rate at conference site)

3. Costs related to conferences/meetings that are not held for an allowable CSBG activity.

H. CONSULTANT/PROFESSIONAL SERVICES

DEFINITION: Compensation paid by the grantee to a third party under a subcontract for a consultant or professional service such as for: CPA or Accounting/Payroll services, Software Consultants and Software Trainers, Legal Advice, Community Needs Assessment, Strategic Planning, Employee Training; Fiduciary Financial Services, etc. (Note: These instructions may differ from those provided in other non-CSBG Agreement requirements.)

When a professional service will cost $25,000 or greater, a copy of the service agreement and budget, must be submitted with the expenditure plan. (A separate budget is not required if the service agreement identifies and includes the costs.)

ALLOWABLE COSTS:

1. Professional services costs rendered by members of a particular profession who are not employees of the grantee and who provide services relevant to the grantee's operation. Subcontracts are subject to review based on their relevancy to the purposes of CSBG. The following criteria are considered:

   a) The costs are reasonable in relation to the service rendered. If reasonableness is questioned, the Grantee must document how the price or cost was determined.

   b) The nature and scope of the subcontracted services are in support of the grantee's operation and program services.

   c) The service can be performed more economically by subcontracting.

   d) The subcontractor's fees are consistent and competitive with other providers.

   e) The subcontract agreement for the service to be provided is adequate in description of the service and/or deliverables , estimate of time required, rate of compensation and termination provisions.

   f) The subcontract is awarded through a competitive process if, in the opinion of MDHHS, the dollar value and other factors would require bidding to assure reasonable cost and quality of service. Grantee must adhere to their own internal procurement policies.

   g) The subcontract agreement adequately conforms to the Agreement between the Grantee and MDHHS/BCAEO.

2. FACSPro annual maintenance with DBA.

3. Management studies/consultants to improve the stability, effectiveness and efficiency of the Grantee by persons not employees of the Grantee.

UNALLOWABLE COSTS:

1. Retainer fees.

2. Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.

3. Subcontracts with agencies or individuals that have common ownership/relationship or contracts with the Grantee.

I. SPECIFIC ASSISTANCE TO INDIVIDUALS

DEFINITION: Specific services provided to and for eligible clients, or items of value purchased for and given to eligible clients as part of service delivery (such as the purchase of household supplies or furniture, payment of utility bills, or the provision of training, meals, shelter, transportation, etc.) Itemize each type of specific assistance.

Examples:

Automotive Repairs	13,000
Rent and Rent Deposits	15,000
Mortgage or Property Tax Assistance	19,000
Utility Assistance	20,000
Transportation (Contractor: Blue Cab)	12,000
Overnight Shelter (Contractor: Women's Mission)	14,000

ALLOWABLE COSTS:

Items purchased for a specific eligible client and given to that client as allowable under the CSBG Program.

NOTE: If the agency plans to subcontract **with another provider or vendor to provide specific services for eligible clients** (see examples above), the agency must identify both the service and the contractor's/vendor's name.

UNALLOWABLE COSTS:

1. Activities that are not allowable under the CSBG program. Note: Contact your BCAEO grant manager if you have questions.

2. Items or services not identified or included in the agreement or expenditure plan

J. MISCELLANEOUS

DEFINITION: Expenses related to the agreement which are not chargeable to other line items.

ALLOWABLE COSTS:

1. The cost of establishing and maintaining all accounting and other information systems required for grantee central administration, not included in other line items. This includes costs incurred by a central administration for those purposes.

2. Direct costs assessed by a governmental unit (similar to indirect costs) when the grantee is a public organization; such costs are to be included in the ADMIN **Category** under the "**Miscellaneous**" Line Item.

   The following terminology shall be used by Grantees when such costs are included in a budget.

   Examples:

   - "Direct Costs Assessed by the City" (*..include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page...*)
   - "Direct Costs Assessed by the County" (*..include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page*.)

3. Audit services for the administration and management of functions related to services provided under the agreement, unless federal awards expended are less than $750,000.

4. Professional liability insurance.

5. Premiums on bonds covering employees who handle contract funds.

6. Data processing for grantee management, such as payrolls, personnel records, etc.

7. Services to cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

8. Health and first aid supplies.

9. Employee counseling services, as generally covered by health insurance providers, including outpatient mental health services, family and marriage counseling and substance abuse counseling.

10. Meeting and conference expenses, **as required in the agreement**, such as facilities, speaker fees, meals and refreshments, local transportation, cost of identifying but not providing dependent care resources. (*Example – Board meetings*)
    Note: Must follow state rates.

11. Food and refreshments for youth (clients) involved in activities.

12. Professional memberships if not covered in an agency's indirect cost rate and for memberships which have a direct relationship to the goals of the CSBG. May include costs of memberships in trade, business, technical and professional organizations, as required for affiliation with the parent body.
    NOTE: This needs an approved exception from MDHHS.

13. Preparing payrolls and maintaining necessary related wage records.

14. Recruitment, examination, certification, classification, establishment of pay standards and related activities for provisions of services under the agreement.

15. Costs associated with the recruitment, training and retention of volunteers for agency programs and activities. This includes recognition awards and mileage/meal reimbursement for volunteers. Volunteer recognition events should not exceed one per year.

16. Staff training and education for employee development if there is a benefit to the program.

17. Subscriptions, if not covered in the agency's indirect cost rate, and the subscriptions:
    a) are considered necessary to the administration of the agency's program(s),
    b) provide a training component that increases the knowledge and skill of the agency staff,
    c) have a direct relationship to the agency's specific objectives,
    d) are specifically job and staff performance related, and/or
    e) are not readily available in a library.
    NOTE: This needs an approved exception from MDHHS.

18. Grantees may charge the cost of training conferences and employee training if it 1) is specifically identified training for the services administered in the agreement, 2) is not applicable to other services provided by the agency, and 3) would not normally be considered a part of general professional development.

19. Costs associated with the support or development of members of the governing board or policy advisory councils, agency annual meetings and annual reports. **Note:** must follow state rates.

20. Indirect costs

    - Are incurred for a common or joint purpose benefiting more than one cost objective, and
    - Are not readily assignable to the cost benefited, without effort disproportionate to the results achieved.
    - Specific Assistance (flow-through dollars) should not be included in the indirect cost rate formula.
    - Up to $25,000 of a subcontractual award may be included in the indirect cost rate formula.
    - Equipment should not be included in the indirect cost rate formula.
    - Should not include lobbying or fundraising activities.

    Any request for indirect costs will require prior written approval. To request approval, a complete explanation of the percentage, including all mathematical calculations and supporting documentation, must be submitted with the expenditure plan. A current federally approved indirect rate is acceptable documentation.

    A copy of the current approved Indirect Cost Rate Agreement from the cognizant agency must be provided as an attachment to the expenditure plan.

UNALLOWABLE COSTS:

1. Interest on borrowed capital or temporary use of endowment funds.

2. Fund Raising:
    a) Non-Profit Organizations: Organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
    b) Units of Local Government: Organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

3. Investment and related expenses incurred solely to enhance income from investments.

4. Staff training not required in the agreement. Charges for employee training are not allowable if the training is basic training that will teach the employees basic skills necessary to perform the duties of the agreement. It is expected that the agency will already have properly trained employees. There may be exceptions to this policy in cases where a service is performed within a copyrighted model where it is not reasonable to expect any grantee to have the basic skills required for the service. These exceptions will require approval of the appropriate administration director.

5. Costs of preparing grants or bid proposals where there is an apparent conflict with the awarding agency. This does not include preparing plans such as CSBG, DOE, and LCA that is allocated through BCAEO.

   Example of unallowed use of funds:
   CAA prepares Intent to Bid Proposal for new BCAEO project with CSBG funds.

6. Individual staff memberships in trade, business, technical and professional organizations unless the agency can sufficiently describe the specific benefits to the agency and its customers.

7. Food and Refreshments for employees including:
   - Food purchased for retirements, diversity events, celebrations, holiday events, or events of an internal nature that are not required to conduct business.
   - Refreshments for meetings for employees, contractors, community partners or other entities, other than FULL DAY meetings (lasting 5 hours or longer).
   - Group meetings with community and other partners which are not full day meetings (lasting 5 hours or longer). These should be scheduled during non-meal time frames to the greatest extent possible.
   - Meal prices that exceed the state rate when traveling.
   - Alcoholic beverages.

8. Salaries and other expenses of local government bodies such as county supervisors, city council, school boards, etc., whether incurred for purposes of legislation or executive direction.

9. Prosecution of claims against the State.

10. Costs related to discharging general responsibilities as legal officer.

11. The costs of amusement, diversion, social activities, ceremonials and incidental costs relating thereto, such as meals, lodging, rentals, transportation and gratuities, unless approved under the grant.
    Example: Recreation costs provided for under the line item "Specific Assistance to Individuals."

12. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.

13. Contributions and donation costs for free-will offerings to individuals and agencies.

14. Contingency costs related to possible future events or conditions rising from presently known or unknown causes, the outcome of which is indeterminable at the present time (e.g. pending litigation and other general business risks).

15. Bad debt losses (whether actual or estimated) arising from uncollectable customer's accounts and other claims, related costs and related legal costs. Collection costs and legal fees arising from bad debts are also unallowable.

16. The cost of maintaining central accounting records required for overall local government purposes, such as appropriation and fund accounts by treasurer, comptroller, or similar officials

17. Accreditation fees unless the agency can sufficiently describe the specific benefits to the agency and its customers.

18. Costs of employee recognition "gifts" or awards.

19. Costs contributing to employee morale.

20. Promotional items and memorabilia, such as: a) imprinted products given away as souvenirs from conferences, events or meetings; b) high cost products like pens and commemorative items; c) custom or specialized binders, etc.

21. Any Indirect Cost Rate formula that includes:
    - Specific Assistance
    - Subcontractor amounts over $25,000
    - Equipment

REFERENCES

- DOE Weatherization Assistance Program Agreement
- Office of Management and Budget (OMB) Uniform Guidance (Super Circular)
- Weatherization Program Notice 16-1

PURPOSE

This item contains descriptions of cost categories that are used on the DOE, Statement of Expenditures (SOE), and in preparation of the Grantee's Weatherization Plan.

Allowability of costs is addressed in the DOE Weatherization Assistance Program (WAP) Agreement, 10 CFR Part 440, and the applicable Office of Management and Budget (OMB) Circulars. This item includes a listing of Allowable and Unallowable Costs.

POLICY

A. Labor/Materials

1. Wages and fringe benefits related to the installation of NEAT/MHEA-specified weatherization measures including:

   a. Payments to employ warehouse personnel who are engaged in handling weatherization materials.

   b. Payments to employ laborers to perform weatherization services.

   c. Payments to engage a subcontractor(s) to perform weatherization services.

   d. This category also includes auditors, assessors, quality control inspectors, field supervisors that are not installing measures.

2. Materials purchased for:

   a. The installation of NEAT/MHEA-specified weatherization measures in accordance with Retrofitting Michigan Field Guide, contract language, and CSPM 600 series. This includes the purchase of tools.

   b. Incidental repairs as defined in 10 CFR 440.3 and CSPM Item 607.

B. Support

1. Direct costs including the following:

   a. Wages and fringe benefits of supervisory personnel, including personnel that are involved in supervising the work of labor. A percentage of the weatherization coordinator's salary and fringe benefits spent in the actual supervision of labor may be included in this line item (see C.1.b. below).

   b. Wages and fringes of support staff including intake staff, auditor/inspector staff and/or subcontractors, etc.

   c. Costs to support the staff functions of the personnel identified in 1.a. and 1.b. above (i.e., space costs, communication costs, travel costs, etc.).

   d. Transportation of weatherization materials, tools, equipment, and work crews to storage site and to the site of weatherization work.

   e. Equipment costs which include depreciation or use allowance, insurance to cover the equipment, rental/lease costs for equipment, and repair and maintenance costs related to such equipment.

      The purchase price of equipment can only be charged directly to the DOE agreement with a DHS/DOE approved equipment purchase request.

      NOTE: The Grantee may request to reserve DOE funding for equipment purchases later in the program year. The actual purchase(s) may not be made until all required documentation is submitted, reviewed, and approved by DHS BCAEO and the U. S. Department of Energy.

      See Item 404 regarding equipment inventory and Item 404.2 regarding purchase of equipment, including vehicles, for the Weatherization Assistance Program.

   f. Maintenance of tools and equipment.

   g. Storage of weatherization materials, tools, equipment, and weatherization vehicles.

   h. Vehicle insurance.

2. Indirect costs including the following:

   a. Wages and fringes of support staff including intake staff, etc.

   b. Costs to support the staff functions of the personnel identified in 1.a. and1.b. above (i.e., space costs, communication costs, travel costs, etc.).

   c. Maintenance of tools and equipment.

C. Administration

1. Direct costs include the following:

   a. Wages and fringe benefits of weatherization program coordinator, secretaries, fiscal personnel, and other central administrative staff.

   b. Wages and fringe benefits of the weatherization coordinator when not carrying out the functions allowed under program support. There must be a time sheet to support the distribution between administration and support.

   c. Costs to support the staff functions of the personnel identified in 1.a. and 1.b. above (i.e. space costs, communication costs, travel costs, etc.).

   d. Direct costs assessed to a public agency by a governmental unit.

2. Indirect costs include:

   a. Amounts consistent with a “Cognate Agency” approved federal indirect cost rate.

D. Health & Safety

This budget category includes costs for the elimination of energy related health and safety hazards that are necessary before or because of the installation of weatherization materials. This includes lead safe weatherization activities. Health & Safety budget costs cannot exceed 15%. If you feel you will exceed this amount, you must contact your Grant Manager prior to exceeding the limit to request a waiver to exceed the limit. The Grant Manager will review and seek approval for a waiver to go over 15%. Requests must be made at least 45 days prior to the end of the grant period.

Note: The Health & Safety cost category should include materials and labor directly related to Health & Safety allowable measures in accordance with 10 CFR 440.18, the current DOE State Plan, and CSPM Item 614.

E. Training/Technical Assistance

1. Direct costs include the following:
   a. Costs for staff and/or weatherization program subcontractors attending:

      1. DOE-sponsored or state-sponsored weatherization training (regional or national).
      2. Other training included in the Grantee's approved DOE plan specific to WAP. If the Grantee intends to participate in a training that is not on the pre-approved training list, back up documentation and justification is required showing how the training specifically relates to WAP. If the training is for overall program administration, only a portion of DOE funds can assist with payment and justification must be submitted before BCAEO will approve.
      3. Any other pre-approved weatherization program training. Pre-approved trainings include DOE sponsored trainings specific to WAP, Affordable Comfort technical conference, OSHA Trainings, IREC accredited trainings, technical accredited training courses, technical continuing education credits (for contractors with retention agreements, and WAP staff).

      Note: Grantees must secure a retention agreement in exchange for paying for contractor training. The retention agreement should require that contractors will work in the Program for a specific amount of time and must align with the cost of the T&TA provided.

   b. Cost of printing client education materials.

      Note: This cost should be minimal and should not include costs for calendars, booklets, etc. prepared by energy education vendors for distribution.

   c. Cost of tuition and related charges for staff computer skills directly related to the weatherization program automation activities.

   d. Wages and fringe benefits of staff while attending an approved training activity.

   e. Cost of staff attendance at Michigan BCAEO sponsored Regional Weatherization meetings.

   f. Subscriptions to technical publications.

   g. Equipment or services that directly contribute to the overall efficiency of the weatherization program. This must be justified in the plan submitted by the Grantee, and reviewed and approved by BCAEO and DOE.

Note: T&TA funds shall not be used to purchase vehicles or equipment. The cost of these vehicles or equipment to support the Program must be charged to the vehicle/equipment or other appropriate allowable categories.

F. Liability Insurance

This budget category includes the cost of liability insurance for personal injury and property damage for the weatherization assistance program. This line covers the cost of general liability insurance and pollution occurrence insurance (POI).

Note: Vehicle insurance is charged to support.

G. Audit

The cost of the audit performed in accordance with OMB Super Circular.

H. Cost Allocation Limitations

For Grantees with DOE allocations of $350,000 or greater, the maximum allowable amount for “administration” is 5% of the agency’s DOE allocation.

For Grantees with allocations of less than $350,000, the following maximums apply:

- Allocation of less than $200,000 – 10%
- Allocation of $200,000 to $249,999 – 8%
- Allocation of $250,000 to $299,999 – 7%
- Allocation of $300,000 to $349,999 – 6%

The maximum amount for “support” is 35% of the Grantee’s DOE allocation.

The maximum amount for “T/TA” is what is listed on the DOE allocation chart. If a Grantee is unable to utilize allocated funds for T/TA, the Grantee may utilize the funds toward another line item, as long it does not exceed the line item limitations set forth in this policy and in CSPM 401.2.

DOE PROGRAM

ALLOWABLE AND UNALLOWABLE COSTS

A. SALARY AND WAGES

DEFINITION: Gross compensation paid to employees in the form of cash, products, or services including vacations, holidays, sick leave and leaves of absence. Paid absences must be reimbursed uniformly for both employees paid under this agreement as well as employees not paid under this agreement but performing similar work.

ALLOWABLE COSTS:

1. Only costs that support the goals and activities of the total program.

2. Rates reasonable and consistent with those paid for similar activities by the grantee.

3. Rates competitive with those paid for similar services provided by other agencies for doing similar work.

4. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.

5. Overtime and multi-shift premiums:
   a) When management of the grantee authorizes such costs as part of their established policies and in accordance with sound business practices
   b) For emergencies or performance of tasks which cannot reasonably be interrupted.

UNALLOWABLE COSTS:

1. Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.

2. The value of donated volunteer time in providing services.

3. Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization. See incentive compensation rules above.

4. Costs already funded through a separate contract and/or another funding source. Example: Program Manager is currently charged to Contract A @ 60 percent of salary/fringes and to Contract B @ 30 percent of salary/fringes. In the budget for new Contract C, the same Program Manager cannot be charged @ more than 10 percent of the same salary/fringe compensation package that was used for Contracts A & B.

B. FRINGE BENEFITS

DEFINITION: Funds allocated to cover allowances, costs and services provided by the grantee to or on behalf of its employees and not included as compensation of salaries and wages. The DOE's percentage of the cost of each fringe benefit cannot exceed the percentage of total DOE salaries to total program salaries.

REQUIRED COSTS:

1. All fringe benefits required by law are mandatory. If salaries are included in the budget, the following fringe benefit costs are required.
   a) FICA (Social Security and Medicare, typically calculated at 7.65%)
   b) Unemployment Compensation
   c) Worker's Compensation

2. If Unemployment compensation is not included in the budget:
   - The Grantee must supply documentation that it is a "Reimbursing Employer" with the Bureau of Worker's & Unemployment Compensation, or
   - Make a note of any other fund source that will be covering the cost of unemployment

ALLOWABLE COSTS:

1. Typical fringes include:

   a) Social Security (Maximum 6.20%) (Employer's share) (** See below)
   b) Medicare (Maximum 1.45%)
   c) Unemployment (***See below)
   d) Worker's Compensation
   e) Retirement
   f) Health Insurance
   g) Life Insurance
   h) Disability Insurance
   i) Any other services costs or allowances paid by the employer as required by law, agreement, or established in policy

2. Fringe benefits not required by law (e.g. health insurance, retirement and disability) must meet the following criteria to be allowable:

   a) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
   b) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

   ** The Social Security maximum base wage is $118,500 per employee or the entire wage if under $118,500.

   *** The employment maximum base wage is $9,000 per employee or the entire wage if under $9,000. Do not charge unemployment for the employee if this is a shared position and the $9,000 base wage limit is included in another Cost Reimbursement Agreement or payment rate.

UNALLOWABLE COSTS:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.

2. Personal use of organization vehicles (including transportation to and from work) even if reported on W-2.

3. Costs or allowance paid by the grantee but not required by law, agreement, or established

policy

4.. Severance Pay

5. Costs in excess of the pro-rated portion attributable to partial (less than full-time FTE's).

6. Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.

7. Costs already funded through a separate contract and/or another funding source.

C. OCCUPANCY

DEFINITION: Costs arising from occupancy and use of owned or leased buildings and offices

ALLOWABLE COSTS:

1. Depreciation of that portion of the organization's building and improvements used for the program as figured on a straight-line basis on grantee facilities with a 40 year life, based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records.

2. Depreciation on assets donated by third parties is allowable. The value of the donated asset used to calculate these charges shall be the market value at the time of the donation.

3. The actual payment of rental costs to a third party for use of the facility and property. Rates must be reasonable in light of such factors as rental costs of comparable facilities and personal property market conditions in the area, the type, life expectancy, condition and value or the facilities leased, options available, and other provisions of the rental agreement.

4. Insurance to cover loss of assets.

5. Normal maintenance and repair costs: costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life.

6. Costs incurred for rearrangement and alteration of facilities required to specifically meet conditions of the agreement that do not increase the value of the property. (See Unallowable Costs.)

7. Operation costs, such as cost of utilities, security, janitorial service, elevator service to the extent they are not otherwise included in rental or other charges for space.

8. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection.

9. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

UNALLOWABLE COSTS:

1. Cost of rent or lease of items between plants, divisions, or organizations under common control or ownership, or any less than arms-length transaction cannot exceed allowable cost of the same asset(s).

2. Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments.

3. Depreciation for assets fully depreciated by the grantee.

4. Depreciation on assets that have outlived their useful lives.

5. Use Allowance. Note: If use allowance was taken on an asset not fully depreciated, you may convert depreciation but total of both depreciation and use allowance may not exceed the cost of the asset.

6. Building depreciation expense greater than the amount calculated using straight-line method and a 40 year useful life.

7. Costs related to idle facilities.

8. The purchase or improvement of land or the purchase, construction, or permanent improvement of any building or other facility.

D. COMMUNICATION

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS:

1. Costs incurred for telephone calls or service, pagers, fax service, cellular phone service, wide area telephone services (WATS), centrex, postage, messenger service and similar expenses related to grantee operations. Telephones, pagers and other communication devices should be charged to this item.

2. Printing, reproduction and publication costs required by the agreement.

3. Costs of informing or instructing groups, individuals, or the general public about grantee services provided, as required by the agreement.

4. Costs of gaining the interest of groups or individuals to participate in a service program, including recruitment of volunteers.

5. State and Federal excise taxes.

6. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.

UNALLOWABLE COSTS:

1. Fundraising activities.

2. Advertising and public relations designed solely to promote the entity.

E. SUPPLIES

DEFINITION: Supplies are generally defined as an item with an acquisition cost of less than $5,000 and in many, but not all cases have a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Note that supply costs

identified, as direct costs in the budget may not be duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

ALLOWABLE COSTS:

1. Costs associated with delivery of supplies.

2. Purchase cost of consumable and non-consumable supplies relevant to the grantee's operation and allowable under the DOE program.

3. State sales taxes.

UNALLOWABLE COSTS:

1. Consumable and non-consumable supplies for program activities not allowed under the DOE program.

2. Consumable supplies that will not be consumed during this agreement period.

F. EQUIPMENT

DEFINITION: Any non-consumable item with an acquisition cost of $5,000 or more (including program software) that is not attached to or included as part of the cost of a facility.

ALLOWABLE COSTS:

1. Depreciation costs due to the normal depreciation as figured on straight line basis over five (5) years on the of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records and depreciation schedules.

3. Rental costs for equipment paid to a third party in an arm's length transaction must be reasonable, using factors such as: rental costs for comparable equipment and personal property; market conditions in the area; the type, life expectancy, condition and value of the equipment leased; options available and other provisions of the rental agreement. Include such items as computers, phone systems, copiers and office furniture if the unit cost equals or exceeds $5,000.

4. Insurance to cover loss of equipment.

5. Normal equipment maintenance and repair costs.

6. Cost of transportation or freight in delivering equipment to the Grantee.

7. The total purchase price of vehicles or equipment over $5,000 with prior approval from DHHS and U.S. DOE.

UNALLOWABLE COSTS:

1. Rental of equipment between plants, divisions, or organizations under common control or ownership.

2. The amount that rental costs under any type of "option to buy" arrangement exceed rental costs without an "option to buy".

3. Any portion of the purchase price of equipment over $5,000. See "allowable costs" for

proper method of charging equipment.

G. TRANSPORTATION

DEFINITION: Transportation costs include the costs of travel, lodging, meals and incidental expenses incurred by personnel or grantee board members in a travel status while on official business. Travel rates established by the State of Michigan will be used as a guideline in determining reasonableness of rates charged to the DOE grant.

ALLOWABLE COSTS:

1. Actual expenses controlled by maximum reimbursement rate for meals and lodging.

2. Per diem or mileage in lieu of actual costs if a standard reimbursement schedule exists for all employees.

3. Actual cost of a grantee owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when the vehicle is used for an allowable DOE activity. When depreciating a vehicle, the depreciation must be based on acquisition cost less salvage value of vehicle to be replaced. Use straight-line and five (5) year useful life.

4. Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.

5. Air travel, less than first class, when attending conferences/training.

   NOTE: The grantee must identify the potential conference or trainer sponsor(s) for such travel when itemizing this cost. Example of sponsors include: NASCSP, ACI, DOE, etc.

6. Transportation of clients as part of DOE program services.
   NOTE: Documentation must justify that 1) Participation is necessary for the federal award; and 2) Costs are reasonable and consistent with entity policy.

UNALLOWABLE COSTS:

1. Mileage reimbursement when grantee vehicle is used.

2. Mileage, lodging, and meal costs in excess of prevailing Grantee rate or State of Michigan rate, whichever is less. (Unless a higher rate at conference site)

3. Costs related to conferences/meetings that are not held for an allowable DOE activity.

H. CONSULTANT/PROFESSIONAL SERVICES

DEFINITION: Compensation paid by the grantee to a third party under a subcontract for a consultant or professional service such as for: Temporary staff; CPA or Accounting/Payroll services, Software Consultants and Trainers, certified weatherization pre- post-inspectors; licensed mechanical inspectors, licensed building, electrical, mechanical, plumbing, roofing, and manufactured home maintenance and alteration contractors.

When a professional service will cost $25,000 or greater, a copy of the service agreement and budget, must be submitted with the expenditure plan. (A separate budget is not required if the service agreement identifies and includes the costs.)

ALLOWABLE COSTS:

1. Professional services costs rendered by members of a particular profession who are not employees of the grantee and who provide services relevant to the grantee's operation. Subcontracts are subject to review based on their relevancy to the purposes of DOE. The following criteria are considered:

   a) The costs are reasonable in relation to the service rendered. If reasonableness is questioned, the Grantee must document how the price or cost was determined.

   b) The nature and scope of the subcontracted services are in support of the grantee's operation and program services.

   c) The service can be performed more economically by subcontracting.

   d) The subcontractor's fees are consistent and competitive with other providers.

   e) The subcontract agreement for the service to be provided is adequate in description of the service, estimate of time required, rate of compensation and termination provisions.

   f) The subcontract is awarded through a competitive process if, in the opinion of DHS, the dollar value and other factors would require bidding to assure reasonable cost and quality of service.

   g) The subcontract agreement adequately conforms to the Agreement between the Grantee and DHS/BCAEO.

   h) FACSPro annual maintenance with DBA (no more than 40% of total amount charged).

2. Management studies/consultants to improve the stability, effectiveness, and efficiency of the Grantee by persons not employees of the Grantee.

UNALLOWABLE COSTS:

1. Retainer fees.

2. Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.

3. Subcontracts with agencies or individuals that have common ownership/relationship or contracts with the Grantee.

I. MISCELLANEOUS

DEFINITION: Expenses related to the agreement which are not chargeable to other line items.

ALLOWABLE COSTS:

1. The cost of establishing and maintaining all accounting and other information systems required for grantee central administration, not included in other line items. This includes costs incurred by a central administration for those purposes.

2. Direct costs assessed by a governmental unit (similar to indirect costs) when the grantee is a public organization; such costs are to be included in the ADMIN Budget.

   The following terminology shall be used by Grantees when such costs are included in a budget.

   - "Direct Costs Assessed by the City" (..*include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page...*)

- "Direct Costs Assessed by the County" (..*include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page*.)

3. Audit services for the administration and management of functions related to services provided under the agreement, unless federal awards expended are less than $750,000.

4. Professional liability insurance.

5. Premiums on bonds covering employees who handle contract funds.

6. Data processing for grantee management, such as payrolls, personnel records, etc.

7. Services to cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

8. Health and first aid supplies.

9. Employee counseling services, as generally covered by health insurance providers, including outpatient mental health services, family and marriage counseling and substance abuse counseling.

10. Meeting and conference expenses, as required in the agreement, such as facilities, speaker fees, meals and refreshments, local transportation, cost of identifying but not providing dependent care resources.
    Note: Meals are only allowed for FULL DAY meetings (lasting 5 hours or longer)

11. Professional memberships if not covered in an agency's indirect cost rate and for memberships which have a direct relationship to the goals of the DOE. May include costs of memberships in trade, business, technical and professional organizations, as required for affiliation with the parent body.

    NOTE: This needs an approved exception from DHS.

12. Preparing payrolls and maintaining necessary related wage records.

13. Recruitment, examination, certification, classification, establishment of pay standards and related activities for provisions of services under the agreement.

14. Costs associated with the recruitment, training and retention of volunteers for agency programs and activities. This includes recognition awards and mileage/meal reimbursement for volunteers. Volunteer recognition events should not exceed one per year.

15. Staff training and education for employee development if there is a benefit to the program.

16. Subscriptions, if not covered in the agency's indirect cost rate, and the subscriptions:
    a) are considered necessary to the administration of the agency's program(s),
    b) provide a training component that increases the knowledge and skill of the agency staff,
    c) have a direct relationship to the agency's specific objectives,
    d) are specifically job and staff performance related, and/or
    e) are not readily available in a library.

    Note: This needs an approved exception from DHS.

17. Grantees may charge the cost of training conferences and employee WAP contractor

training if it 1) is specifically identified training for the services administered in the agreement, 2) is not applicable to other services provided by the agency, and 3) would not normally be considered a part of general professional development.

18. Indirect Costs
    - Are incurred for a common or joint purpose benefiting more than one cost objective, and
    - Are not readily assignable to the cost benefited, without effort disproportionate to the results achieved.
    - Specific Assistance (flow-through dollars) should not be included in the indirect cost rate formula.
    - Up to $25,000 of a sub contractual award may be included in the indirect cost rate formula.
    - Equipment should not be included in the indirect cost rate formula.
    - Should not include lobbying or fundraising activities.

    Any request for indirect costs will require prior written approval. To request approval, a complete explanation of the percentage, including all mathematical calculations and supporting documentation, must be submitted with the expenditure plan. A current federally approved indirect rate is acceptable documentation. If the Grantee does not have a federally approved rate, the Grantee may use a de minimum of 10%.

    A copy of the current approved Indirect Cost Rate Agreement from the cognizant agency must be provided as an attachment to the expenditure plan.

19. Weatherization equipment and materials under $5000 used to complete the weatherization of a unit such as specific diagnostic and testing equipment.

UNALLOWABLE COSTS:

1. Interest on borrowed capital or temporary use of endowment funds.

2. Fund Raising:
    a) Non-Profit Organizations: Organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
    b) Units of Local Government: Organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

3. Investment and related expenses incurred solely to enhance income from investments.

4. Staff training not required in the agreement. Charges for employee training are not allowable if the training is basic training that will teach the employees basic skills necessary to perform the duties of the agreement. It is expected that the agency will already have properly trained employees. There may be exceptions to this policy in cases where a service is performed within a copyrighted model where it is not reasonable to expect any grantee to have the basic skills required for the service. These exceptions will require approval of the appropriate administration director.

5. Costs of preparing grants or bid proposals.

6. Individual staff memberships in trade, business, technical and professional organizations unless the agency can sufficiently describe the specific benefits to the agency and its customers.

7. Food and food preparation for employees including:
    - Food purchased for retirements, diversity events, celebrations, holiday events, or events of an internal nature that are not required to conduct business.

- Refreshments for meetings for employees, contractors, community partners or other entities, other than FULL DAY meetings (lasting 5 hours or longer).
- Group meetings with community and other partners which are not full day meetings (lasting 5 hours or longer). These should be scheduled during non-meal time frames to the greatest extent possible.
- Meal prices that exceed the state rate.
- Alcoholic beverages.

8. Salaries and other expenses of local government bodies such as county supervisors, city council, school boards, etc., whether incurred for purposes of legislation or executive direction.

9. Prosecution of claims against the State

10. Costs related to discharging general responsibilities as legal officer.

11. The costs of amusement, diversion, social activities, ceremonials and incidental costs relating thereto, such as meals, lodging, rentals, transportation and gratuities, unless approved under the grant.

    Example: Recreation costs provided for under the line item “Specific Assistance to Individuals.”

12. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.

13. Contributions and donation costs for free-will offerings to individuals and agencies.

14. Contingency costs related to possible future events or conditions rising from presently known or unknown causes, the outcome of which is indeterminable at the present time (e.g. pending litigation and other general business risks).

15. Bad debt losses (whether actual or estimated) arising from uncollectable customer's accounts and other claims, related costs and related legal costs. Collections costs and legal fees arising from bad debts are also unallowable.

16. The cost of maintaining central accounting records required for overall local government purposes, such as appropriation and fund accounts by treasurer, comptroller, or similar officials

17. Accreditation fees unless the agency can sufficiently describe the specific benefits to the agency and its customers.

18. Costs of employee recognition "gifts" or awards.

19. Costs contributing to employee morale.

20. Promotional items, such as: a) imprinted products given away as souvenirs from conferences, events or meetings; b) high cost products like pens and commemorative items; c) custom or specialized binders, etc.

21. Any Indirect Cost Rate formula that includes:
    - Specific Assistance (not applicable for WAP)
    - Subcontractor amounts over $25,000.00
    - Equipment

REFERENCES

- WAP16 Agreement
- Office of Management and Budget (OMB) Circular
- CSPM Item 305 LIHEAP Allocation & Plan Instructions
- 10 CFR Part 440 LIHEAP IM 2000-12 Costs for Planning and Administration

PURPOSE

This item contains descriptions of cost categories that are used on the LIHEAP Statement of Expenditures (SOE), and in preparation of the Grantee's LIHEAP WAP Plan.

Allowability of costs is addressed in the WAP16 Agreement, 10 CFR Part 440, and the applicable Office of Management and Budget (OMB) Circulars. This item includes a listing of Allowable and Unallowable Costs.

POLICY

A. Labor/Materials

1. Wages and fringe benefits related to the installation of State of Michigan (SOM) approved audit-specified weatherization measures including:

   a. Payments to employ warehouse personnel who are engaged in handling materials.

   b. Payments to employ laborers to perform weatherization services.

   c. Payments to engage a subcontractor(s) to perform weatherization services.

   d. This category also includes auditors, assessors, quality control inspectors, and field supervisors that are not installing measures.

2. Materials purchased for:

   a. The installation of SOM approved audit- specified weatherization measures in accordance with10 CFR 440.21, Retrofitting Michigan Field Guide, Technical Weatherization policy, contract language, CSPM 600 and CSPM 700 Series.

   b. Incidental repairs as defined in 10 CFR 440.3 and CSPM item 607.

   c. Health and safety measures consistent in accordance with 10 CFR 440.18, the current DOE State Plan, and CSPM Item 614.

B. Support

1. Direct costs include the following:

   a. Wages and fringe benefits of supervisory personnel, including personnel that are involved in supervising the work of labor. A percentage of the weatherization coordinator salary and fringe benefits spent in the actual supervision of labor may be included in this line item (see C.1.b. below).

   b. Wages and fringes of support staff including intake staff, audit and final inspector staff and/or subcontractors.

   c. Costs to support the staff functions of the personnel identified in 1.a. and 1.b. above (e.g., space costs, communication costs, travel costs, etc.).

   d. Transportation of weatherization materials, tools, equipment, and work crews to storage site and to the site of weatherization work.

   e. Maintenance of tools and equipment.

   f. Storage of weatherization materials, tools, equipment, and weatherization vehicles.

   g. Vehicle insurance

2. Indirect costs include the following:

   a. Wages and fringes of support staff including intake staff, etc.

   b. Costs to support the staff functions of the personnel identified in 1.a. and 1.b. above (e.g., space costs, communication costs, travel costs, etc.).

   c. Maintenance of tools and equipment.

C. Administration

1. Direct costs include the following:

   a. Wages and fringe benefits of the weatherization program coordinator, secretaries, fiscal personnel, and other central administrative staff.

   b. Wages and fringe benefits of the weatherization program coordinator when not carrying out the functions allowed under program support. There must be a time sheet to support the distribution between administration and support.

   c. Costs to support the staff functions of the personnel identified in 1.a. and 1.b. above (e.g., space costs, communication costs, travel costs, etc.).

   d Direct costs assessed to a public agency by a governmental unit.

2. Indirect costs include:

   a. Amounts consistent with a “Cognate Agency” approved federal indirect cost rate.

Note: LIHEAP statute limits the amount of LIHEAP administrative funds. Any costs in excess of this limit must be paid from non-federal funds.

D. Client Education

1. Wages and fringe benefits of staff developing or delivering client education activities.
2. Supplies used for client education activities for LIHEAP eligible clients.

4. Miscellaneous costs such as energy education kits.

   Note: Utility vouchers are not allowable.

E. Health & Safety

This budget category includes costs for the elimination of energy related health and safety hazards that are necessary before or because of the installation of weatherization materials. This includes lead safe weatherization activities.

F. Training/Technical Assistance

1. Direct costs include the following:

   a. Costs for staff and/or weatherization program subcontractors attending:
      - DOE-sponsored or state-sponsored weatherization training (regional or national).
      - Other training included in the Grantee's approved LIHEAP plan specific to weatherization. Grantee must provide description of training.
      - Any other pre-approved weatherization program training.

   b. Cost of printing client education materials.

      Note: This cost should be minimal and should not include costs for calendars, booklets, etc. prepared by energy education vendors for distribution.

   c. Cost of tuition and related charges for staff computer skills directly related to the weatherization program automation activities.

   d. Wages and fringe benefits of staff while attending an approved training activity.

   e. Cost of staff attendance at regional WAP meetings approved by BCAEO.

   f. Subscriptions to technical publications.

Note: Grantees must secure a retention agreement in exchange for paying for contractor training. The retention agreement should require that contractors will work in the Program for a specific amount of time and must align with the cost of the T&TA provided.

G. Liability Insurance

This budget category includes the cost of liability insurance for personal injury and property damage for the weatherization assistance program. This line covers the cost of general liability insurance and pollution occurrence insurance (POI).

Note: Vehicle insurance is charged to support.

H. Audit

The cost of the audit performed in accordance with OMB Super Circular.

I. Cost Allocation Limitations

The maximum amounts are as follows:

The maximum allowable Administration is 5% of the agency LIHEAP allocation.

The maximum Training and Technical Assistance (T/TA) is $2000.00. Agencies may use these funds another line item, as long as it does not exceed the line item limitations set forth in this policy.

Support not to exceed 35% of agency LIHEAP allocation.

Client education can be no more than 15% of the agency's LIHEAP allocation.

Note: These percentage limits are established as the intended use of these funds is that they be spent primarily for installation of weatherization measures.

LIHEAP WEATHERIZATION ASSISTANCE PROGRAM
ALLOWABLE AND UNALLOWABLE COSTS

A. SALARY AND WAGES

DEFINITION: Gross compensation paid to employees in the form of cash, products, or services including vacations, holidays, sick leave and leaves of absence. Paid absences must be reimbursed uniformly for both employees paid under this agreement as well as employees not paid under this agreement but performing similar work.

ALLOWABLE COSTS:

1. Only costs that support the goals and activities of the total program.

2. Rates reasonable and consistent with those paid for similar activities by the grantee.

3. Rates competitive with those paid for similar services provided by other agencies for doing similar work.

4. Incentive compensation to employees based on cost reduction, efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.

5. Overtime and multi-shift premiums:
   a) When management of the grantee authorizes such costs as part of their established policies and in accordance with sound business practices
   b) For emergencies or performance of tasks which cannot reasonably be interrupted.

UNALLOWABLE COSTS:

1. Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.

2. The value of donated volunteer time in providing services.

3. Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization. See incentive compensation rules above.

4. Costs already funded through a separate contract and/or another funding source. Example: Program Manager is currently charged to Contract A @ 60 percent of salary/fringes and to Contract B @ 30 percent of salary/fringes. In the budget for new Contract C, the same Program Manager cannot be charged @ more than 10 percent of the same salary/fringe compensation package that was used for Contracts A & B.

B. FRINGE BENEFITS

DEFINITION: Funds allocated to cover allowances, costs and services provided by the grantee to or on behalf of its employees and not included as compensation of salaries and wages. The DOE's percentage of the cost of each fringe benefit cannot exceed the percentage of total DOE salaries to total program salaries.

REQUIRED COSTS:

1. All fringe benefits required by law are mandatory. If salaries are included in the budget, the following fringe benefit costs are required.
   a) FICA (Social Security and Medicare 7.65% typically calculated at a total of 7.65%)
   b) Unemployment Compensation
   c) Worker's Compensation

2. If Unemployment compensation is not included in the budget:
   - The Grantee must supply documentation that it is a "Reimbursing Employer" with the Bureau of Worker's & Unemployment Compensation, or
   - Make a note of any other fund source that will be covering the cost of unemployment

ALLOWABLE COSTS:

1. Typical fringes include:

   a) Social Security (Maximum 6.20%) (Employer's share) (** See below)
   b) Medicare (Maximum 1.45%)
   c) Unemployment (***See below)
   d) Worker's Compensation
   e) Retirement
   f) Health Insurance
   g) Life
   Insurance
   h) Disability Insurance
   i) Any other services costs or allowances paid by the employer as required by law, agreement, or established in policy

2. Fringe benefits not required by law (e.g. health insurance, retirement and disability) must meet the following criteria to be allowable:

   a) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
   b) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

   ** The Social Security maximum base wage is $118,500 per employee or the entire wage if under $118,500.

   *** The employment maximum base wage is $9,000 per employee or the entire wage if under $9,000. Do not charge unemployment for the employee if this is a shared position and the $9,000 base wage limit is included in another Cost Reimbursement Agreement or payment rate.

UNALLOWABLE COSTS:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.

2. Personal use of organization vehicles (including transportation to and from work) even if reported on W-2.

3. Costs or allowance paid by the grantee but not required by law, agreement, or established policy

4.. Severance Pay

5. Costs in excess of the pro-rated portion attributable to partial or less than full-time employee's).

6. Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.

7. Costs already funded through a separate contract and/or another funding source.

C.
OCCUPANCY

DEFINITION: Costs arising from occupancy and use of owned or leased buildings and offices

ALLOWABLE COSTS:

1. Depreciation of that portion of the organization's building and improvements used for the program as figured on a straight-line basis on grantee facilities with a 40 year life, based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records.

2. Depreciation or use charge on assets donated by third parties is allowable. The value of the donated asset used to calculate these charges shall be the market value at the time of the donation.

3. The actual payment of rental costs to a third party for use of the facility and property. Rates must be reasonable in light of such factors as rental costs of comparable facilities and personal property market conditions in the area, the type, life expectancy, condition and value or the facilities leased, options available, and other provisions of the rental agreement.

4. Insurance to cover loss of assets.

5. Normal maintenance and repair costs: costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life.

6. Costs incurred for rearrangement and alteration of facilities required to specifically meet conditions of the agreement that do not increase the value of the property. (See Unallowable Costs.)

7. Operation costs, such as cost of utilities, security, janitorial service, elevator service to the extent they are not otherwise included in rental or other charges for space.

8. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection.

9. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

UNALLOWABLE COSTS:

1. Cost of rent or lease of items between plants, divisions, or organizations under common control or ownership, or any less than arms-length transaction cannot exceed allowable cost of the same asset(s).

2. Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments.

3. Depreciation for assets fully depreciated by the grantee.

4. Depreciation on assets that have outlived their useful lives.

5. Use Allowance**. Note:** If use allowance was taken on an asset not fully depreciated, you may convert depreciation but total of both depreciation and use allowance may not exceed the cost of the asset.

6. Building depreciation expense greater than the amount calculated using straight-line method and a 40 year useful life.

7. Costs related to idle facilities.

8. The purchase or improvement of land or the purchase, construction, or permanent improvement of any building or other facility.

D. COMMUNICATION

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS:

1. Costs incurred for telephone calls or service, pagers, fax service, cellular phone service, wide area telephone services (WATS), centrex, postage, messenger service and similar expenses related to grantee operations. Telephones, pagers and other communication devices should be charged to this item.

2. Printing, reproduction and publication costs required by the agreement.

3. Costs of informing or instructing groups, individuals, or the general public about grantee services provided, as required by the agreement.

4. Costs of gaining the interest of groups or individuals to participate in a service program, including recruitment of volunteers.

5. State and Federal excise taxes.

6. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.

UNALLOWABLE COSTS:

1. Fundraising activities.

2. Advertising and public relations designed solely to promote the entity.

E.
SUPPLIES

DEFINITION: Supplies are generally defined as an item with an acquisition cost of less than $5,000 and in many, but not all cases have a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Note that supply costs identified, as direct costs in the budget may not be duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

ALLOWABLE COSTS:

1. Costs associated with delivery of supplies.

2. Purchase cost of consumable and non-consumable supplies relevant to the grantee's operation and allowable under the Weatherization program.

3. State sales taxes.

UNALLOWABLE COSTS:

1. Consumable and non-consumable supplies for program activities not allowed under the Weatherization program.

2. Consumable supplies that will not be consumed during this agreement period.

G.
TRANSPORTATION

DEFINITION: Transportation costs include the costs of travel, lodging, meals and incidental expenses incurred by personnel or grantee board members in a travel status while on official business. Travel rates established by the State of Michigan will be used as a guideline in determining reasonableness of rates charged to the DOE grant.

ALLOWABLE COSTS:

1. Actual expenses controlled by maximum reimbursement rate for meals and lodging.

2. Per diem or mileage in lieu of actual costs if a standard reimbursement schedule exists for all employees.

3. Actual cost of a grantee owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when the vehicle is used for an allowable DOE activity. When depreciating a vehicle, the depreciation must be based on acquisition cost less salvage value of vehicle to be replaced. Use straight-line and five (5) year useful life.

4. Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.

5. Air travel, less than first class, when attending conferences/training.

   NOTE: The grantee must identify the potential conference or trainer sponsor(s) for such travel when itemizing this cost. Example of sponsors include: NASCSP, ACI, DOE, etc.

6. Transportation of clients as part of DOE program services.

   NOTE: Documentation must justify that 1) Participation is necessary for the federal award; and 2) Costs are reasonable and consistent with entity policy.

UNALLOWABLE COSTS:

1. Mileage reimbursement when grantee vehicle is used.

2. Mileage, lodging, and meal costs in excess of prevailing Grantee rate or State of Michigan rate, whichever is less. (Unless a higher rate at conference site)

3. Costs related to conferences/meetings that are not held for an allowable DOE activity.

H. CONSULTANT/PROFESSIONAL SERVICES

DEFINITION: Compensation paid by the grantee to a third party under a subcontract for a consultant or professional service such as for: Temporary staff; CPA or Accounting/Payroll services, Software Consultants and Trainers, certified weatherization pre- post-inspectors; licensed mechanical inspectors, licensed building, electrical, mechanical, plumbing, roofing, and manufactured home maintenance and alteration contractors.

When a professional service will cost $25,000 or greater, a copy of the service agreement and budget, must be submitted with the expenditure plan. (A separate budget is not required if the service agreement identifies and includes the costs.)

ALLOWABLE COSTS:

1. Professional services costs rendered by members of a particular profession who are not employees of the grantee and who provide services relevant to the grantee's operation. Subcontracts are subject to review based on their relevancy to the purposes of DOE. The following criteria are considered:

   a) The costs are reasonable in relation to the service rendered. If reasonableness is questioned, the Grantee must document how the price or cost was determined.

b) The nature and scope of the subcontracted services are in support of the grantee's operation and program services.

c) The service can be performed more economically by subcontracting.

d) The subcontractor's fees are consistent and competitive with other providers.

e) The subcontract agreement for the service to be provided is adequate in description of the service, estimate of time required, rate of compensation and termination provisions.

f) The subcontract is awarded through a competitive process if, in the opinion of DHHS, the dollar value and other factors would require bidding to assure reasonable cost and quality of service.

g) The subcontract agreement adequately conforms to the Agreement between the Grantee and DHHS/BCAEO.

2. Management studies/consultants to improve the stability, effectiveness and efficiency of the Grantee by persons not employees of the Grantee.

UNALLOWABLE COSTS:

1. Retainer fees.

2. Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.

3. Subcontracts with agencies or individuals that have common ownership/relationship or contracts with the Grantee.

I.
MISCELLANEOUS

DEFINITION: Expenses related to the agreement which are not chargeable to other line items.

ALLOWABLE COSTS:

1. The cost of establishing and maintaining all accounting and other information systems required for grantee central administration, not included in other line items. This includes costs incurred by a central administration for those purposes.
2. Direct costs assessed by a governmental unit (similar to indirect costs) when the grantee is a public organization; such costs are to be included in the ADMIN Budget.

   The following terminology shall be used by Grantees when such costs are included in a budget.
   "Direct Costs Assessed by the City" (..*include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page...*)

   "Direct Costs Assessed by the County" (..*include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page*.)

3. Audit services for the administration and management of functions related to services provided under the agreement, unless federal awards expended are less than $750,000.

4. Professional liability insurance.

5. Premiums on bonds covering employees who handle contract funds.

6. Data processing for grantee management, such as payrolls, personnel records, etc.

7. Services to cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

8. Health and first aid supplies.

9. Employee counseling services, as generally covered by health insurance providers, including outpatient mental health services, family and marriage counseling and substance abuse counseling.

10. Meeting and conference expenses, as required in the agreement, such as facilities, speaker fees, meals and refreshments, local transportation, cost of identifying but not providing dependent care resources.
    Note: Meals are only allowed for FULL DAY meetings (lasting 5 hours or longer)

11. Professional memberships if not covered in an agency's indirect cost rate and for memberships which have a direct relationship to the goals of the DOE. May include costs of memberships in trade, business, technical and professional organizations, as required for affiliation with the parent body.

    NOTE: This needs an approved exception from DHS.

12. Preparing payrolls and maintaining necessary related wage records.

13. Recruitment, examination, certification, classification, establishment of pay standards and related activities for provisions of services under the agreement.

14. Costs associated with the recruitment, training and retention of volunteers for agency programs and activities. This includes recognition awards and mileage/meal reimbursement for volunteers.

15. Staff training and education for employee development if there is a benefit to the program.

16. Subscriptions, if not covered in the agency's indirect cost rate, and the subscriptions:
    a) are considered necessary to the administration of the agency's program(s),
    b) provide a training component that increases the knowledge and skill of the agency staff,
    c) have a direct relationship to the agency's specific objectives,
    d) are specifically job and staff performance related, and/or
    e) are not readily available in a library.

    Note: This needs an approved exception from DHS.

17. Grantees may charge the cost of training conferences and employee WAP contractor training if it 1) is specifically identified training for the services administered in the agreement, 2) is not applicable to other services provided by the agency, and 3) would not normally be considered a part of general professional development.

18. Indirect Costs
    - Are incurred for a common or joint purpose benefiting more than one cost objective, and
    - Are not readily assignable to the cost benefited, without effort disproportionate to the results achieved.
    - Specific Assistance (flow-through dollars) should not be included in the indirect cost rate formula.
    - Up to $25,000 of a sub contractual award may be included in the indirect cost rate formula.
    - Equipment should not be included in the indirect cost rate formula.
    - Should not include lobbying or fundraising activities.

    Any request for indirect costs will require prior written approval. To request approval, a complete explanation of the percentage, including all mathematical calculations and supporting documentation, must be submitted with the expenditure plan. A current federally approved indirect rate is acceptable documentation. If the Grantee does not have a federally approved rate, the Grantee may use a de minimum of 10%.

    A copy of the current approved Indirect Cost Rate Agreement from the cognizant agency must be provided as an attachment to the expenditure plan.

19. Weatherization equipment and materials under $5000 used to complete the weatherization of a unit such as specific diagnostic and testing equipment or equipment maintenance and/or repair.

UNALLOWABLE COSTS:

1. Interest on borrowed capital or temporary use of endowment funds.

2. Fund Raising:
    a) Non-Profit Organizations: Organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
    b) Units of Local Government: Organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

3. Investment and related expenses incurred solely to enhance income from investments.

4. Staff training not required in the agreement. Charges for employee training are not allowable if the training is basic training that will teach the employees basic skills necessary to perform the duties of the agreement. It is expected that the agency will already have properly trained employees. There may be exceptions to this policy in cases where a service is performed within a copyrighted model where it is not reasonable to expect any grantee to have the basic skills required for the service. These exceptions will require approval of the appropriate administration director.

5. Costs of preparing grants or bid proposals.

6. Individual staff memberships in trade, business, technical and professional organizations unless the agency can sufficiently describe the specific benefits to the agency and its customers.

7. Food and food preparation for employees including:
   - Food purchased for retirements, diversity events, celebrations, holiday events, or events of an internal nature that are not required to conduct business.
   - Refreshments for meetings for employees, contractors, community partners or other entities, other than FULL DAY meetings (lasting 5 hours or longer).
   - Group meetings with community and other partners which are not full day meetings (lasting 5 hours or longer). These should be scheduled during non-meal time frames to the greatest extent possible.
   - Meal prices that exceed the state rate.
   - Alcoholic beverages.

8. Salaries and other expenses of local government bodies such as county supervisors, city council, school boards, etc., whether incurred for purposes of legislation or executive direction.

9. Prosecution of claims against the State

10. Costs related to discharging general responsibilities as legal officer.

11. The costs of amusement, diversion, social activities, ceremonials and incidental costs relating thereto, such as meals, lodging, rentals, transportation and gratuities, unless approved under the grant.

    Example: Recreation costs provided for under the line item “Specific Assistance to Individuals.”

12. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.

13. Contributions and donation costs for free-will offerings to individuals and agencies.

14. Contingency costs related to possible future events or conditions rising from presently known or unknown causes, the outcome of which is indeterminable at the present time (e.g. pending litigation and other general business risks).

15. Bad debt losses (whether actual or estimated) arising from uncollectable customer's accounts and other claims, related costs and related legal costs. Collections costs and legal fees arising from bad debts are also unallowable.

16. The cost of maintaining central accounting records required for overall local government purposes, such as appropriation and fund accounts by treasurer, comptroller, or similar officials

17. Accreditation fees unless the agency can sufficiently describe the specific benefits to the agency and its customers.

18. Costs of employee recognition "gifts" or awards.

19. Costs contributing to employee morale.

20. Promotional items, such as: a) imprinted products given away as souvenirs from conferences, events or meetings; b) high cost products like pens and commemorative items; c) custom or specialized binders, etc.

21. Any Indirect Cost Rate formula that includes:
    - Specific Assistance (not applicable for WAP)
    - Subcontractor amounts over $25,000.00
    - Equipment

REFERENCES

- Office of Management and Budget (OMB) Uniform Guidance
- CSPM 704
- CSPM 701
- LIHEAP Agreements

PURPOSE

This item contains descriptions of cost categories that are used on the LIHEAP Emergency Weatherization Statement of Expenditures (SOE), and in preparation of the Grantee's LIHEAP Weatherization Service Plan. Also included are the Allowable and Unallowable costs.

POLICY

Administrative Costs (5% max)

A. Administrative Costs

Administrative costs cover expenses related to general administrative functions and coordination of functions and oversight related to the LIHEAP Emergency Weatherization Assistance Program (WAP) administrative functions. Administrative costs should include costs of goods and services required for administrative functions of the program, travel costs incurred for official business in carrying out administrative activities or the overall management of the LIHEAP Emergency Weatherization Program, costs of information systems related to administrative functions and contractual services to sub-recipients or vendors that are solely for the performance of administrative functions.

B. Direct Program Costs

Direct program costs cover expenses directly related to LIHEAP Emergency WAP that address the emergency defined in the planning documents submitted by the agency and approved by BCAEO. LIHEAP Emergency WAP direct program costs include any work completed by certified and experienced professionals, any support costs associated with implementing the LIHEAP Emergency WAP for the disaster/crisis.

Direct program costs also cover expenses to assist eligible low-income households in meeting their home energy costs for the primary residence through payment or partial payment of bills for one or more of the following: propane, heating oil, or any other deliverable fuel used to provide heat. When the statewide demand for deliverable fuel has been met, payments may be paid for metered energy, with prior written request and approval from DHS.

NOTE: A minimum of 95% of the total allocation listed on the NFA shall be spent on Direct

Program costs. Administrative cost expenditures shall be authorized and reimbursed at a maximum amount equal to 5% of the total allocation listed on the NFA.

Reimbursement is authorized for allowable expenditures incurred on or after the date of DHHS signature on the NFA.

C. Cost Categories

The cost categories applicable to the LIHEAP Emergency WAP SOE include:

- Direct Costs
- Administrative Costs

The description of the allowable and unallowable costs under the LIHEAP Emergency WAP, are included in the following pages. The agency should become familiar with allowable and unallowable costs.

- Costs shall be in compliance with applicable OMB Uniform Guidance.
- Costs not specifically identified as “Allowable and Unallowable Costs” may be included if reasonable and necessary. These costs should be discussed with BCAEO staff.
- Unallowable costs shall not appear in the SOE.

LIHEAP WEATHERIZATION ASSISTANCE PROGRAM
ALLOWABLE AND UNALLOWABLE COSTS

A. SALARY AND WAGES

DEFINITION: Gross compensation paid to employees in the form of cash, products, or services including vacations, holidays, sick leave and leaves of absence. Paid absences must be reimbursed uniformly for both employees paid under this agreement as well as employees not paid under this agreement but performing similar work.

ALLOWABLE COSTS:

1. Only costs that support the goals and activities of the total program.

2. Rates reasonable and consistent with those paid for similar activities by the grantee.

3. Rates competitive with those paid for similar services provided by other agencies for doing similar work.

4. Incentive compensation to employees based on cost reduction, efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.

5. Overtime and multi-shift premiums:
   a) When management of the grantee authorizes such costs as part of their established policies and in accordance with sound business practices
   b) For emergencies or performance of tasks which cannot reasonably be interrupted.

UNALLOWABLE COSTS:

1. Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.

2. The value of donated volunteer time in providing services.

3. Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization. See incentive compensation rules above.

4. Costs already funded through a separate contract and/or another funding source. Example: Program Manager is currently charged to Contract A @ 60 percent of salary/fringes and to Contract B @ 30 percent of salary/fringes. In the budget for new Contract C, the same Program Manager cannot be charged @ more than 10 percent of the same salary/fringe compensation package that was used for Contracts A & B.

B. FRINGE BENEFITS

DEFINITION: Funds allocated to cover allowances, costs and services provided by the grantee to or on behalf of its employees and not included as compensation of salaries and wages. The DOE's percentage of the cost of each fringe benefit cannot exceed the percentage of total DOE salaries to total program salaries.

REQUIRED COSTS:

1. All fringe benefits required by law are mandatory. If salaries are included in the budget, the following fringe benefit costs are required.
   a) FICA (Social Security (6.2%) and Medicare (1.45%), typically calculated at a total of 7.65%)
   b) Unemployment Compensation
   c) Worker's Compensation

2. If Unemployment compensation is not included in the budget:
   - The Grantee must supply documentation that it is a "Reimbursing Employer" with the Bureau of Worker's & Unemployment Compensation, or
   - Make a note of any other fund source that will be covering the cost of unemployment

ALLOWABLE COSTS:

1. Typical fringes include:

   a) Social Security (Maximum 6.20%) (Employer's share) (** See below)
   b) Medicare (Maximum 1.45%)
   c) Unemployment (***See below)
   d) Worker's Compensation
   e) Retirement
   f) Health Insurance
   g) Life
   Insurance
   h) Disability Insurance
   i) Any other services costs or allowances paid by the employer as required by law, agreement, or established in policy

2. Fringe benefits not required by law (e.g. health insurance, retirement and disability) must meet the following criteria to be allowable:

   a) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
   b) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

** The Social Security maximum base wage is $118,500 per employee or the entire wage if under $118,500.

*** The employment maximum base wage is $9,000 per employee or the entire wage if under $9,000. Do not charge unemployment for the employee if this is a shared position and the $9,000 base wage limit is included in another Cost Reimbursement Agreement or payment rate.

UNALLOWABLE COSTS:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.

2. Personal use of organization vehicles (including transportation to and from work) even if reported on W-2.

3. Costs or allowance paid by the grantee but not required by law, agreement, or established policy

4.. Severance Pay

5. Costs in excess of the pro-rated portion attributable to partial or less than full-time employee's).

6. Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.

7. Costs already funded through a separate contract and/or another funding source.

C.
OCCUPANCY

DEFINITION: Costs arising from occupancy and use of owned or leased buildings and offices

ALLOWABLE COSTS:

1. Depreciation of that portion of the organization's building and improvements used for the program as figured on a straight-line basis on grantee facilities with a 40 year life, based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records.

2. Depreciation on assets donated by third parties is allowable. The value of the donated asset used to calculate these charges shall be the market value at the time of the donation.

3. The actual payment of rental costs to a third party for use of the facility and property. Rates must be reasonable in light of such factors as rental costs of comparable facilities and personal

property market conditions in the area, the type, life expectancy, condition and value or the facilities leased, options available, and other provisions of the rental agreement.

4. Insurance to cover loss of assets.

5. Normal maintenance and repair costs.

6. Costs incurred for rearrangement and alteration of facilities required to specifically meet conditions of the agreement that do not increase the value of the property. (See Unallowable Costs.)

7. Operation costs, such as cost of utilities, security, janitorial service, elevator service to the extent they are not otherwise included in rental or other charges for space.

8. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection.

9. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

UNALLOWABLE COSTS:

1. Cost of rent or lease of items between plants, divisions, or organizations under common control or ownership, or any less than arms-length transaction cannot exceed allowable cost of the same asset(s).

2. Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments.

3. Depreciation or use charge for assets fully depreciated by the grantee.

4. Depreciation on assets that have outlived their useful lives.

5. Use Allowance**.** **Note:** If use allowance was taken on an asset not fully depreciated, you may convert depreciation but total of both depreciation and use allowance may not exceed the cost of the asset.

6. Building depreciation expense greater than the amount calculated using straight-line method and a 40 year useful life.

7. Costs related to idle facilities.

8. The purchase or improvement of land or the purchase, construction, or permanent improvement of any building or other facility.

D. COMMUNICATION

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS:

1. Costs incurred for telephone calls or service, pagers, fax service, cellular phone service, wide area telephone services (WATS), centrex, postage, messenger service and similar expenses related to grantee operations. Telephones, pagers and other communication devices should be charged to this item.

2. Printing, reproduction and publication costs required by the agreement.

3. Costs of informing or instructing groups, individuals, or the general public about grantee services provided, as required by the agreement.

4. Costs of gaining the interest of groups or individuals to participate in a service program, including recruitment of volunteers.

5. State and Federal excise taxes.

6. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.

UNALLOWABLE COSTS:

1. Fundraising activities.

2. Advertising and public relations designed solely to promote the entity.

E. SUPPLIES

DEFINITION: Supplies are generally defined as an item with an acquisition cost of less than $5,000 and in many, but not all cases have a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Note that supply costs identified, as direct costs in the budget may not be duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

ALLOWABLE COSTS:

1. Costs associated with delivery of supplies.

2. Purchase cost of consumable and non-consumable supplies relevant to the grantee's operation and allowable under the Weatherization program.

3. State sales taxes.

UNALLOWABLE COSTS:

1. Consumable and non-consumable supplies for program activities not allowed under the Weatherization program.

2. Consumable supplies that will not be consumed during this agreement period.

G.
TRANSPORTATION

DEFINITION: Transportation costs include the costs of travel, lodging, meals and incidental expenses incurred by personnel or grantee board members in a travel status while on official business. Travel rates established by the State of Michigan will be used as a guideline in determining reasonableness of rates charged to the DOE grant.

ALLOWABLE COSTS:

1. Actual expenses controlled by maximum reimbursement rate for meals and lodging.

2. Per diem or mileage in lieu of actual costs if a standard reimbursement schedule exists for all employees.

3. Actual cost of a grantee owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when the vehicle is used for an allowable DOE activity. When depreciating a vehicle, the depreciation must be based on acquisition cost less salvage value of vehicle to be replaced. Use straight-line and five (5) year useful life.

4. Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.

5. Air travel, less than first class, when attending conferences/training.

   NOTE: The grantee must identify the potential conference or trainer sponsor(s) for such travel when itemizing this cost. Example of sponsors include: NASCSP, ACI, DOE, etc.

6. Transportation of clients as part of DOE program services.

NOTE: Documentation must justify that 1) Participation is necessary for the federal award; and 2) Costs are reasonable and consistent with entity policy.

UNALLOWABLE COSTS:

1. Mileage reimbursement when grantee vehicle is used.

2. Mileage, lodging, and meal costs in excess of prevailing Grantee rate or State of Michigan rate, whichever is less. (Unless a higher rate at conference site)

3. Costs related to conferences/meetings that are not held for an allowable DOE activity.

H. CONSULTANT/PROFESSIONAL SERVICES

DEFINITION: Compensation paid by the grantee to a third party under a subcontract for a consultant or professional service such as for: Temporary staff; CPA or Accounting/Payroll services, Software Consultants and Trainers, certified weatherization pre- post-inspectors; licensed mechanical inspectors, licensed building, electrical, mechanical, plumbing, roofing, and manufactured home maintenance and alteration contractors.

When a professional service will cost $25,000 or greater, a copy of the service agreement and budget, must be submitted with the expenditure plan. (A separate budget is not required if the service agreement identifies and includes the costs.)

ALLOWABLE COSTS:

1. Professional services costs rendered by members of a particular profession who are not employees of the grantee and who provide services relevant to the grantee's operation. Subcontracts are subject to review based on their relevancy to the purposes of DOE. The following criteria are considered:

   a) The costs are reasonable in relation to the service rendered. If reasonableness is questioned, the Grantee must document how the price or cost was determined.

   b) The nature and scope of the subcontracted services are in support of the grantee's operation and program services.

   c) The service can be performed more economically by subcontracting.

   d) The subcontractor's fees are consistent and competitive with other providers.

   e) The subcontract agreement for the service to be provided is adequate in description of the service, estimate of time required, rate of compensation and termination provisions.

   f) The subcontract is awarded through a competitive process if, in the opinion of DHS, the dollar value and other factors would require bidding to assure reasonable cost and quality of service.

g) The subcontract agreement adequately conforms to the Agreement between the Grantee and DHS/BCAEO.

2. Management studies/consultants to improve the stability, effectiveness and efficiency of the Grantee by persons not employees of the Grantee.

UNALLOWABLE COSTS:

1. Retainer fees.

2. Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.

3. Subcontracts with agencies or individuals that have common ownership/relationship or contracts with the Grantee.

I.
MISCELLANEOUS

DEFINITION: Expenses related to the agreement which are not chargeable to other line items.

ALLOWABLE COSTS:

1. The cost of establishing and maintaining all accounting and other information systems required for grantee central administration, not included in other line items. This includes costs incurred by a central administration for those purposes.

2. Audit services for the administration and management of functions related to services provided under the agreement, unless federal awards expended are less than $750,000.

3. Professional liability insurance.

4. Premiums on bonds covering employees who handle contract funds.

5. Data processing for grantee management, such as payrolls, personnel records, etc.

6. Services to cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

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including outpatient mental health services, family and marriage counseling and substance abuse counseling.

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10. Professional memberships if not covered in an agency's indirect cost rate and for memberships which have a direct relationship to the goals of the DOE. May include costs of memberships in trade, business, technical and professional organizations, as required for affiliation with the parent body.

    NOTE: This needs an approved exception from DHS.

11. Preparing payrolls and maintaining necessary related wage records.

12. Recruitment, examination, certification, classification, establishment of pay standards and related activities for provisions of services under the agreement.

13. Costs associated with the recruitment, training and retention of volunteers for agency programs and activities. This includes recognition awards and mileage/meal reimbursement for volunteers.

14. Staff training and education for employee development if there is a benefit to the program.

15. Subscriptions, if not covered in the agency's indirect cost rate, and the subscriptions:
    a) are considered necessary to the administration of the agency's program(s),
    b) provide a training component that increases the knowledge and skill of the agency staff,
    c) have a direct relationship to the agency's specific objectives,
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    e) are not readily available in a library.

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    - Are incurred for a common or joint purpose benefiting more than one cost objective, and
    - Are not readily assignable to the cost benefited, without effort disproportionate to the results achieved.
    - Specific Assistance (flow-through dollars) should not be included in the indirect cost rate formula.

- Up to $25,000 of a sub contractual award may be included in the indirect cost rate formula.
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- Should not include lobbying or fundraising activities.

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A copy of the current approved Indirect Cost Rate Agreement from the cognizant agency must be provided as an attachment to the expenditure plan.

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UNALLOWABLE COSTS:

1. Interest on borrowed capital or temporary use of endowment funds.

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   a) Non-Profit Organizations: Organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
   b) Units of Local Government: Organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

3. Investment and related expenses incurred solely to enhance income from investments.

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5. Costs of preparing grants or bid proposals.

6. Individual staff memberships in trade, business, technical and professional organizations unless the agency can sufficiently describe the specific benefits to the agency and its customers.

7. Food and food preparation for employees.

8. Salaries and other expenses of local government bodies such as county supervisors, city council, school boards, etc., whether incurred for purposes of legislation or executive direction.

9. Prosecution of claims against the State

10. Costs related to discharging general responsibilities as legal officer.

11. The costs of amusement, diversion, social activities, ceremonials and incidental costs relating thereto, such as meals, lodging, rentals, transportation and gratuities, unless approved under the grant.

    Example: Recreation costs provided for under the line item “Specific Assistance to Individuals.”

12. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.

13. Contributions and donation costs for free-will offerings to individuals and agencies.

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16. The cost of maintaining central accounting records required for overall local government purposes, such as appropriation and fund accounts by treasurer, comptroller, or similar officials

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19. Costs contributing to employee morale.

20. Promotional items, such as: a) imprinted products given away as souvenirs from conferences, events or meetings; b) high cost products like pens and commemorative items; c) custom or specialized binders, etc.

21. Any Indirect Cost Rate formula that includes:
    - Specific Assistance (not applicable for WAP)
    - Subcontractor amounts over $25,000.00
    - Equipment

REFERENCES

- Office of Management and Budget (OMB) Circulars
- LCA Agreements

PURPOSE

This item contains descriptions of cost categories that are used on the LCA-LIHEAP Statement of Expenditures (SOE), and in preparation of the Grantee's LCA-LIHEAP Service Plan. Also included are the Allowable and Unallowable costs.

POLICY

Administrative Costs (7% max)

A. Administrative Costs

Administrative costs cover expenses related to general administrative functions and oversight related to the LCA Program. Administrative costs should include costs of goods and services required for administrative functions of the program, travel costs incurred for official business in carrying out administrative activities or the overall management of the LCA Program, costs of information systems related to administrative functions and contractual services to sub-recipients or vendors that are solely for the performance of administrative functions.

B. Specific Assistance Costs

Specific assistance is the actual amount of payments made for eligible households.

Reimbursement is authorized for allowable expenditures incurred on or after the date of MDHHS signature on the NFA.

C. Line Item Flexibility

There are no budgets associated with the LCA-LIHEAP funds, therefore no Line Item Flexibility.

- Admin costs cannot exceed 7% of the total allocation spent (not amount allocated) by the Grantee. Grantees are responsible for tracking administrative funds to not exceed limits including any redistributions or reallocation of funds throughout the program year.

D. Cost Categories

The cost categories applicable to the LCA-LIHEAP SOE include:

- Specific Assistance
- Administrative Costs

The description of the allowable and unallowable costs under the LCA-LIHEAP, are included in the following pages. The agency should become familiar with allowable and unallowable costs.

- Costs shall be in compliance with applicable OMB Circulars.
- Costs not specifically identified as “Allowable and Unallowable Costs” may be included if reasonable and necessary. These costs should be discussed with BCAEO staff.
- Unallowable costs shall not appear in the SOE.

F. Energy Assistance Underpayments, Overpayments and Refunds

a. The agency is responsible for correcting and resolving any overpayments or underpayments made in error to an energy provider or vendor on behalf of a low-income household regardless of when the error occurred or is discovered.
b. In the event of an underpayment, it is the responsibility of the agency to determine the amount and authorize a supplemental payment that will resolve the underpayment.
c. In the event of an overpayment, it is the responsibility of the agency to determine the amount and request that the energy provider or vendor return any overpayment to the agency. The agency must provide the MDHHS with supporting documentation that verifies all overpayment refunds received from energy providers and vendors.
d. If an energy provider or vendor refunds an energy assistance payment to an agency during the grant term, the refund may be used to serve additional eligible households during the grant term. However, if an energy provider or vendor refunds an energy assistance payment to an agency after the grant term has ended, the refund must be returned to DHHS.

LCA-LIHEAP
ALLOWABLE AND UNALLOWABLE COSTS

A. SALARY AND WAGES

DEFINITION: Gross compensation paid to employees in the form of cash, products, or services including vacations, holidays, sick leave and leaves of absence. Paid absences must be reimbursed uniformly for both employees paid under this agreement as well as employees not paid under this agreement but performing similar work.

ALLOWABLE COSTS:

1. Only costs that support the goals and activities of the total program.

2. Rates reasonable and consistent with those paid for similar activities by the grantee.

3. Rates competitive with those paid for similar services provided by other agencies for doing similar work.

4. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.

5. Overtime and multi-shift premiums:
   a) When management of the grantee authorizes such costs as part of their established policies and in accordance with sound business practices
   b) For emergencies or performance of tasks which cannot reasonably be interrupted.

UNALLOWABLE COSTS:

1. Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.

2. The value of donated volunteer time in providing services.

3. Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization. See incentive compensation rules above.

4. Costs already funded through a separate contract and/or another funding source. Example: Program Manager is currently charged to Contract A @ 60 percent of salary/fringes and to Contract B @ 30 percent of salary/fringes. In the budget for new Contract C, the same Program Manager cannot be charged @ more than 10 percent of the same salary/fringe compensation package that was used for Contracts A & B.

B. FRINGE BENEFITS

DEFINITION: Funds allocated to cover allowances, costs and services provided by the grantee to or on behalf of its employees and not included as compensation of salaries and wages.

REQUIRED COSTS:

1. All fringe benefits required by law are mandatory. If salaries are included in the budget, the following fringe benefit costs are required.
   a) FICA (Social Security and Medicare, typically calculated at 7.65%)
   b) Unemployment Compensation
   c) Worker's Compensation

2. If Unemployment compensation is not included in the budget:
   - The Grantee must supply documentation that it is a "Reimbursing Employer" with the Bureau of Worker's & Unemployment Compensation, or
   - Make a note of any other fund source that will be covering the cost of unemployment

ALLOWABLE COSTS:

1. Typical fringes include:

   a) Social Security (Maximum 6.20%) (Employer's share) (** See below)
   b) Medicare (Maximum 1.45%)
   c) Unemployment (***See below)
   d) Worker's Compensation
   e) Retirement
   f) Health Insurance
   g) Life Insurance
   h) Disability Insurance
   i) Any other services costs or allowances paid by the employer as required by law, agreement, or established in policy

2. Fringe benefits not required by law (e.g. health insurance, retirement and disability) must meet the following criteria to be allowable:

   a) Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
   b) Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

   ** The Social Security maximum base wage is $118,500 per employee or the entire wage if under $118,500.

   *** The employment maximum base wage is between $9,000-$9,500 (dependent on the letter from SSA) per employee or the entire wage if under the base wage. Do not charge unemployment for the employee if this is a shared position and the base wage limit is included in another Cost Reimbursement Agreement or payment rate.

UNALLOWABLE COSTS:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.

2. Personal use of organization vehicles (including transportation to and from work) even if reported on W-2.

3. Costs or allowance paid by the grantee but not required by law, agreement, or established policy

4. Severance Pay

5. Costs in excess of the pro-rated portion attributable to partial (less than full-time FTE's).

6. Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.

7. Costs already funded through a separate contract and/or another funding source.

C. OCCUPANCY

DEFINITION: Costs arising from occupancy and use of owned or leased buildings and offices

ALLOWABLE COSTS:

1. Depreciation of that portion of the organization's building and improvements used for the program as figured on a straight-line basis on grantee facilities with a 40 year life, based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records.

2. Depreciation on assets donated by third parties is allowable. The value of the donated asset used to calculate these charges shall be the market value at the time of the donation.

3. The actual payment of rental costs to a third party for use of the facility and property. Rates must be reasonable in light of such factors as rental costs of comparable facilities and personal property market conditions in the area, the type, life expectancy, condition and value or the facilities leased, options available, and other provisions of the rental agreement.

4. Insurance to cover loss of assets.

5. Normal maintenance and repair costs: costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life.

6. Costs incurred for rearrangement and alteration of facilities required to specifically meet conditions of the agreement that do not increase the value of the property. (See Unallowable Costs.)

7. Operation costs, such as cost of utilities, security, janitorial service, elevator service to the extent they are not otherwise included in rental or other charges for space.

8. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection.

9. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

UNALLOWABLE COSTS:

1. Cost of rent or lease of items between plants, divisions, or organizations under common control or ownership, or any less than arms-length transaction cannot exceed allowable cost of the same asset(s).
2. Use allowances for facilities and their improvements.
3. Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments.
4. Depreciation or use charges for assets fully depreciated by the grantee.
5. Building depreciation expense greater than the amount calculated using straight-line method and a 40 year useful life.
6. Use Allowance. Note: If use allowance was taken on an asset not fully depreciated, you may convert depreciation but total of both depreciation and use allowance may not exceed the cost of the asset.
7. Costs related to idle facilities.
8. The purchase or improvement of land or the purchase, construction, or permanent improvement of any building or other facility.

D. COMMUNICATION

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS:

1. Costs incurred for telephone calls or service, pagers, fax service, cellular phone service, wide area telephone services (WATS), centrex, postage, messenger service and similar expenses related to grantee operations. Telephones, pagers and other communication devices should be charged to this item.

2. Printing, reproduction and publication costs required by the agreement.

3. Costs of informing or instructing groups, individuals, or the general public about grantee services provided, as required by the agreement.

4. Costs of gaining the interest of groups or individuals to participate in a service program, including recruitment of volunteers.

5. State and Federal excise taxes.

6. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.

UNALLOWABLE COSTS:

1. Fundraising activities.

2. Advertising and public relations designed solely to promote the entity.

E. SUPPLIES

DEFINITION: Supplies are generally defined as an item with an acquisition cost of less than $5,000 and in many, but not all cases have a useful life expectancy of less than one year. Supplies are generally consumed during the project performance. Note that supply costs identified, as direct costs in the budget may not be duplicative of supply costs included in the indirect pool that is the basis of the indirect rate applied for this project.

ALLOWABLE COSTS:

1. Costs associated with delivery of supplies.

2. Purchase cost of consumable and non-consumable supplies relevant to the grantee's operation and allowable under the program.

3. State sales taxes.

UNALLOWABLE COSTS:

1. Consumable and non-consumable supplies for program activities not allowed under the program.

2. Consumable supplies that will not be consumed during this agreement period.

G. TRANSPORTATION

DEFINITION: Transportation costs include the costs of travel, lodging, meals and incidental expenses incurred by personnel or grantee board members in a travel status while on official business.

ALLOWABLE COSTS:
Actual expenses controlled by maximum reimbursement rate for meals and lodging. Meals and lodging must be supported by itemized, legible receipts and reasons for travel. Itemized meals receipts must include a list of each item purchased; receipts for payments made by credit card that are not itemized will not be accepted.

NOTE: Mileage must be supported by travel log(s) with beginning and ending addresses, mileage total, and reason for travel.

1. Actual expenses controlled by maximum reimbursement rate for meals and lodging.

2. Per diem or mileage in lieu of actual costs if a standard reimbursement schedule exists for all employees.

3. Actual cost of a grantee owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when the vehicle is used for an allowable activity. When depreciating a vehicle, the depreciation must be based on acquisition cost less salvage value of vehicle to be replaced. Use straight-line and five (5) year useful life.

4. Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.

5. Air travel, less than first class, when attending conferences/training.

UNALLOWABLE COSTS:

1. Mileage reimbursement when grantee vehicle is used.
2. Mileage, lodging, and meal costs in excess of prevailing Grantee rate or State of Michigan rate, whichever is less. (Unless a higher rate at conference site).
3. Alcoholic beverage reimbursements.

H. CONSULTANT/PROFESSIONAL SERVICES

DEFINITION: Compensation paid by the grantee to a third party under a subcontract for a consultant or professional service such as for: Agency Audit; CPA or Accounting/Payroll services, Software Consultants and Software Trainers, Employee Training; Fiduciary Financial Services, etc.

When a professional service will cost $25,000 or greater, a copy of the service agreement and budget, must be submitted with the expenditure plan. (A separate budget is not required if the service agreement identifies and includes the costs.)

ALLOWABLE COSTS:

1. Professional services costs rendered by members of a particular profession who are not employees of the grantee and who provide services relevant to the grantee's operation. Subcontracts are subject to review based on their relevancy to the purposes of the LCA program. The following criteria are considered:

   a) The costs are reasonable in relation to the service rendered. If reasonableness is questioned, the Grantee must document how the price or cost was determined.

   b) The nature and scope of the subcontracted services are in support of the grantee's operation and program services.

   c) The service can be performed more economically by subcontracting.

   d) The subcontractor's fees are consistent and competitive with other providers.

   e) The subcontract agreement for the service to be provided is adequate in description of the service, estimate of time required, rate of compensation and termination provisions.

   f) The subcontract is awarded through a competitive process if, in the opinion of MDHHS, the dollar value and other factors would require bidding to assure reasonable cost and quality of service.

   g) The subcontract agreement adequately conforms to the Agreement between the Grantee and MDHHS/BCAEO.

UNALLOWABLE COSTS:

1. Retainer fees.

2. Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.

3. Subcontracts with agencies or individuals that have common ownership/relationship or contracts with the Grantee.

I. SPECIFIC ASSISTANCE TO INDIVIDUALS

DEFINITION: Energy assistance program services that will help eligible low-income households meet home energy costs for their primary residence through payment or partial payment of bills for one or more of the following: 1) propane; 2) heating oil; or 3) any other deliverable fuel used to provide heat.

ALLOWABLE COSTS:

The cost of any deliverable fuel used to provide heat, including delivery, storage tank installation or rental, arrearages, federal safety inspection fees, and special trip fees.

UNALLOWABLE COSTS:

Items or services not identified or included in the agreement or expenditure plan

1. Cooking gas.

2. Service used in businesses or nonresidential buildings or facilities such as rental units, garages, stores, or nonresidential farm uses. When a bill represents combined residential and nonresidential or business usage, pay only the residential portion if the utility can provide an approximate breakdown showing the residential use portion and the group applying for energy services pays the nonresidential costs. In the case of a client who works in their own home, if the bill is in the client's name and the service address is the same as the client's residence address, it is considered a residential bill and payment may be authorized. If the bill is in the name of the client's business, it is considered a commercial bill and payment cannot be authorized.

3. Common meter/service situations. This occurs when one meter or heat/electric unit services more than one residential unit or residence. If the energy provider can verify the group's actual usage and the provider will accept the household's portion and maintain services, payment may be made in full.

4. Payments to residential landlords, residential management companies, billing service agencies, or collection agencies are not eligible to receive emergency service as they are not the actual service provider. Examples of third party billing companies who are not eligible providers include:

   Universal Utilities
   D & B Billing Services
   Electrical Inspection Company

J. MISCELLANEOUS

DEFINITION: Expenses related to the agreement which are not chargeable to other line items.

ALLOWABLE COSTS:

1. The cost of establishing and maintaining all accounting and other information systems required for grantee central administration, not included in other line items. This includes costs incurred by a central administration for those purposes.

2. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.

3. Direct costs assessed by a governmental unit (similar to indirect costs) when the grantee is a public organization; such costs are to be included in the ADMIN costs. The following terminology shall be used by Grantees when such costs are included in a budget.

- "Direct Costs Assessed by the City" (*..include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page…*)
- "Direct Costs Assessed by the County" (*..include calculation method or explanation of how costs are determined on the budget page, or the agency may note "see comment page" and then provide the specific details on that page*.)

4. Audit services for the administration and management of functions related to services provided under the agreement, unless federal awards expended are less than $750,000.

5. Professional liability insurance.

6. Premiums on bonds covering employees who handle contract funds.

7. Data processing for grantee management, such as payrolls, personnel records, etc.

8. Services to cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.

9. Health and first aid supplies.

10. Employee counseling services, as generally covered by health insurance providers, including outpatient mental health services, family and marriage counseling and substance abuse counseling.

11. Preparing payrolls and maintaining necessary related wage records.

12. Recruitment, examination, certification, classification, establishment of pay standards and related activities for provisions of services under the agreement.

13. Grantees may charge the cost of employee training if it 1) is specifically identified training for the services administered in the agreement, 2) is not applicable to other services provided by the agency, and 3) would not normally be considered a part of general professional development.

14. Costs associated with the support or development of members of the governing board or policy advisory councils, agency annual meetings and annual reports.

15. Indirect costs are those:
    - incurred for a common or joint purpose benefiting more than one cost objective, and
    - not readily assignable to the cost benefited, without effort disproportionate to the results achieved.
    - Specific Assistance (flow-through dollars) should not be included in the indirect cost rate formula.
    - Up to $25,000 of a subcontractual award may be included in the indirect cost rate formula.
    - Equipment should not be included in the indirect cost rate formula.

    Any request for indirect costs will require prior written approval. To request approval, a complete explanation of the percentage, including all mathematical calculations and supporting documentation, must be submitted with the expenditure plan. A current federally approved indirect rate is acceptable documentation. If the Grantee does not have a federally approved rate, the Grantee may use a de minimum of 10%.

A copy of the current approved Indirect Cost Rate Agreement from the cognizant agency must be provided as an attachment to the expenditure plan.

UNALLOWABLE COSTS:

1. Interest on borrowed capital or temporary use of endowment funds.

2. Fund Raising:
   a) Non-Profit Organizations: Organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
   b) Units of Local Government: Organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

3. Investment and related expenses incurred solely to enhance income from investments.

4. Staff training not required in the agreement. Charges for employee training are not allowable if the training is basic training that will teach the employees basic skills necessary to perform the duties of the agreement. It is expected that the agency will already have properly trained employees. There may be exceptions to this policy in cases where a service is performed within a copyrighted model where it is not reasonable to expect any grantee to have the basic skills required for the service. These exceptions will require approval of the appropriate administration director.

5. Costs of preparing grants or bid proposals.

6. Food and food preparation for employees.

7. Meeting and seminar/conference expenses.

8. Salaries and other expenses of local government bodies such as county supervisors, city council, school boards, etc., whether incurred for purposes of legislation or executive direction.

9. Prosecution of claims against the State.

10. Costs related to discharging general responsibilities as legal officer.

11. The costs of amusement, diversion, social activities, ceremonials and incidental costs relating thereto, such as meals, lodging, rentals, transportation and gratuities, unless approved under the grant. **Example**: Recreation costs provided for under the line item “Specific Assistance to Individuals.”

12. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.

13. Contributions and donation costs for free-will offerings to individuals and agencies.

14. Contingency costs related to possible future events or conditions rising from presently known or unknown causes, the outcome of which is indeterminable at the present time (e.g. pending litigation and other general business risks).

15. Bad debt losses (whether actual or estimated) arising from uncollectable customer's accounts and other claims, related costs and related legal costs.

16. The cost of maintaining central accounting records required for overall local government purposes, such as appropriation and fund accounts by treasurer, comptroller, or similar officials

17. Accreditation fees unless the agency can sufficiently describe the specific benefits to the agency and its customers.

18. Costs of employee recognition "gifts" or awards.

19. Promotional items, such as: a) imprinted products given away as souvenirs from conferences, events or meetings; b) high cost products like pens and commemorative items; c) custom or specialized binders, etc.

20. Professional memberships and dues

21. Costs of subscriptions.

22. Costs of tuition reimbursement/remission.

23. Audit services for the administration and management of functions related to services provided under the agreement. (Because this is state restricted funding, no audits are required.).

24. Any Indirect Cost Rate formula that includes:
    - Specific Assistance
    - Subcontractor amounts over $25,000
    - Equipment

REFERENCES

- Office of Management and Budget (OMB) Uniform Guidance 2CFR Part 200 and Appendices
- National Organizational Performance Standards created by the Office of Community Services

PURPOSE

The basic purpose of a cost allocation plan is to describe the rationale and process for assigning shared costs to the benefiting programs.

A shared cost is allocable to a funding source, cost category, cost center, or any other cost objective to the extent that benefits are received by that cost objective. A shared cost that is allocable to a particular cost objective may not be shifted to another cost objective to avoid a funding deficiency, restriction imposed by regulation, or any other reason not reflective of the benefit received.

DEFINITIONS

§ 200.9 Central service cost allocation plan.
Central service cost allocation plan means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a state, local government, or Indian tribe on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

Each central service cost allocation plan should be accompanied by a certification.

§ 200.27 Cost allocation plan.
Cost allocation plan means central service cost allocation plan or public assistance cost allocation plan.

§**200.413 Direct Costs**
- Direct costs are those that can be easily and accurately assigned to a specific award
- Salaries of administrative and clerical staff should normally be treated as indirect.

Direct charge only if **all** of the following are met:
(1) Integral to the project,
(2) Specifically identified with the project,

(3) Explicitly included in the budget or have prior written approval and,
(4) Not recovered as indirect.

§**200.414 Indirect Costs**

- Major nonprofits (receive > $10 million in direct federal funding) must classify indirect costs as Facilities and Administration (F&A).
- Negotiated rate must be accepted by all Federal agencies.
- Pass-through are subject to the requirements in §200.331Appendix IV Cost allocation plans for nonprofits; Appendix V & VI Cost allocation plans for units of government.
- Any non-Federal entity that has never negotiated an indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be utilized for an initial period of up to four years.
- Any non-Federal entity that has a federally negotiated indirect cost rate may apply for a onetime extension of the current negotiated indirect cost rate for a period of up to 4 years.
    - Must be approved by a cost negotiator.
    - If approved, may not request a rate review until the extension ends.
    - At end of extension, must apply for a new rate.

POLICY

COST ALLOCATION

The Grantee is required to develop a written cost allocation plan which documents how **all** shared costs are distributed to benefiting programs. The plan must identify the cost(s) and method(s) of allocation and reflect a reasonable allocation procedure so the cost is allocated equitably among the benefiting programs. The cost allocation plan must include an approval/authorization by the appropriate Grantee official(s), no lower than VP or CFO. (**§ 200.415).** Local government agencies must have cognizant agency approval.

Community Services Block Grant (CSBG) funds may be used to support other programs when those programs do not have funds available to cover its share of expenditures (With the exception of LIHEAP, which is prohibited. LIHEAP cannot be supported by any other Block Grant funding.) Such expenditures must be identifiable to those programs and be included in the budget and allowable for CSBG.

The Grantee is required to review the cost allocation plan no less than annually to ensure the proper allocation among benefiting programs. The outcome and date of the review must be documented in writing. Modifications may be made more frequently to reflect changes in Grantee program activity.

The Grantee is required to maintain a written cost allocation plan which demonstrates and supports the distribution of shared costs in accordance with federal, state, and local requirements. The plan is to be approved by appropriate Grantee officials.

The approved cost allocation plan shall be uploaded into the FACSPro Agency Document Center.

There are two ways to do cost allocation:
1. Indirect Cost Rate – used to allocate indirect costs.
   - Device for determining in a reasonable manner the proportion of indirect costs each program should bear; a ratio of indirect costs and a direct cost base.

2. Direct Costing Methods – allocate costs based on relative benefit received.
   - Charge shared costs to programs based on an activity or non-monetary base.

Costs in the indirect cost pool are:
- Allowable, and
- Benefit ALL programs

NOT in the pool:
- capital expenditures,
- losses on awards,
- unallowable costs,
- and expenditures that benefit some but not all programs

INDIRECT COSTS
1. Indirect costs are those that have been incurred for common or joint purposes. These costs benefit more than one cost objective and cannot be readily identified with a particular final cost objective without effort disproportionate to the results achieved. After direct costs have been determined and assigned directly to Federal awards and other activities as appropriate, indirect costs are those remaining to be allocated to benefitted cost objectives. A cost may not be allocated to a Federal award as an indirect cost if any other cost incurred for the same purpose, in like circumstances, has been assigned to a Federal award as a direct cost.

2. Indirect costs include (a) the indirect costs originating in each department or agency of the governmental unit carrying out Federal awards and (b) the costs of central governmental services distributed through the central service cost allocation plan (as

described in Appendix V to Part 200—State/Local Government and Indian Tribe-Wide Central Service Cost Allocation Plans) and not otherwise treated as direct costs.

3. Indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards.

4. Because of the diverse characteristics and accounting practices of governmental units, the types of costs which may be classified as indirect costs cannot be specified in all situations. However, typical examples of indirect costs may include certain state/local-wide central service costs, general administration of the non-Federal entity accounting and personnel services performed within the non-Federal entity, depreciation on buildings and equipment, the costs of operating and maintaining facilities.

5. An approved federally recognized indirect cost rate negotiated between the Grantee and the Federal government or, if no such rate exists, a de minimis indirect cost rate of 10% of MTDC is required.

§**200.412 Classification of costs**
There is no universal rule for classifying certain costs as either direct or indirect (F&A) under every accounting system. It is essential that each item of cost incurred for the same purpose be treated consistently in like circumstances either as a direct or an indirect (F&A) cost.

§ 200.415 Required certifications.
Certification of cost allocation plan or indirect F&A cost rate proposal. Each cost allocation plan or indirect F&A cost rate proposal must comply with the following:

(1) A proposal to establish a cost allocation plan or an indirect F&A cost rate, whether submitted to a Federal cognizant agency for indirect costs or maintained on file by the non- Federal entity, must be certified by the Grantee using the Certificate of Cost Allocation Plan or Certificate of Indirect Costs as set forth in Appendices III through VII of the Uniform Guidance. The certificate must be signed on behalf of the Grantee by an individual at a level no lower than vice president or chief financial officer of the Grantee that submits the proposal.

(2) Unless the Grantee has elected the option under § 200.414 Indirect (F&A) costs, paragraph (f), the Federal government may either disallow all indirect (F&A) costs or unilaterally establish such a plan or rate when the Grantee fails to submit a certified

proposal for establishing such a plan or rate in accordance with the requirements. Such a plan or rate may be based upon audited historical data or such other data that have been furnished to the cognizant agency for indirect costs and for which it can be demonstrated that all unallowable costs have been excluded. When a cost allocation plan or indirect cost rate is unilaterally established by the Federal government because the Grantee failed to submit a certified proposal, the plan or rate established will be set to ensure that potentially unallowable costs will not be reimbursed.

REFERENCES

Office of Management and Budget Uniform Guidance 2CFR Part 200 and Appendices

PURPOSE

Office of Management and Budget (OMB) Uniform Guidance 2CFR Part 200 (Super Circular) provides regulations regarding depreciation and accountability for grant-funded assets.

POLICY

Depreciation

The Grantee is required to comply with the Super Circular except as otherwise noted.

Equipment is defined as an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of $5,000 or more. Equipment purchases must be capitalized and cannot be expensed directly to a grant/contract without prior approval by the awarding agency.* The Grantee may expense equipment depreciation on a straight-line basis over five years, based on a computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records and depreciation schedules.

NOTE: Section 200.436 of the Super Circular states that no depreciation will be allowed on assets that have outlived their depreciable lives, therefore, **use allowance is unallowable**. If use allowance was taken on an asset not fully depreciated, Grantees may convert to depreciation but total of both depreciation and use allowance may not exceed cost of the asset.

The Grantee may expense depreciation on their building and improvements used for program activities as figured on a straight-line basis on Grantee facilities with a 40-year life, based on a computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure with adequate property records. See Item 404.2 regarding the purchase of vehicles and equipment for the Weatherization Assistance Program.

NOTE: Policy regarding equipment purchases with prior approval by awarding agency is only applicable to the U.S. Department of Energy Weatherization Assistance Program.

Equipment Records

Equipment records shall be maintained accurately and shall include the following information:

- Description of the equipment
- Manufacturer's serial number or other identification number
- Source of the equipment, including the award number
- Whether title vests in the recipient or the Federal Government
- Acquisition date and cost
- Percent of Federal participation
- Location and condition of the equipment and the date the information was reported
- Unit acquisition cost
- Ultimate disposition date, including: date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share

A physical inventory must be completed and reconciled to the equipment records at least once every two years. The individual performing the physical inventory should sign and date the inventory document upon completion.

Equipment Inventory List – This list is required annually for all equipment purchased with BCAEO funding. This information is required to be uploaded each year with the Annual Checklist in FACSPro.

REFERENCES:

2 CFR Part 200: OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

PURPOSE:

To provide Grantees with instructions regarding the purchase, disposition and reporting of the purchase of equipment and vehicles acquired with Community Services Block Grant (CSBG) funds.

POLICY:

Equipment and Vehicle Purchases

The Grantee is required to obtain prior written approval from the Michigan Department of Health and Human Services (MDHHS) Bureau of Community Action and Economic Opportunity (BCAEO) for the purchase of equipment and/or vehicle(s) using CSBG funds.

The Grantee is required to submit a DHS-4328, Equipment Waiver Request, to BCAEO that must include the following:

1. The bid specifications provided to potential bidders, their bid price, and a determination whether each proposal met the bid specification.

2. Where the vehicle(s) and/or equipment will be used and how it will be used- specifically full or part time use in programs funded with CSBG.

3. The bid documents received from vendors.

4. Identification of the bid which is being accepted.

5. If the Grantee does not accept the lowest bid, rationale must be provided.

6. If requesting a vehicle purchase, Grantee must provide a justification as to why a vehicle(s) is needed, a list of all currently inventoried vehicles purchased using BCAEO administered funds, and whether or not any vehicles will be disposed of.

The Grantee's grant manager will review the request. If approved by the grant manager, the request will be submitted to the BCAEO CSBG Specialist and Director for review and approval.

The Grantee may not complete the purchase until approval has been received from BCAEO.

NOTE: The Grantee may request to reserve CSBG funding for equipment/vehicle purchases later in the program year. The actual purchase(s) may not be made until all required documentation has been submitted, reviewed and approved by BCAEO.

For vehicle purchases: Within 15 days after the vehicle delivery date, the Grantee must submit verification of the purchase including the date of purchase, purchase price, and the vehicle identification number (VIN).

A Grantee's request for purchase and subsequent purchase information may be submitted to the grant manager by email with all required documentation as PDF attachments.

Equipment and Vehicle Disposition

When original or replacement equipment acquired with CSBG funds is no longer needed for the original project or program or for other activities currently or previously supported by the MDHHS, except as otherwise provided in Federal statutes, regulations, or MDHHS disposition instructions, the Grantee must follow the disposition instructions below.

Disposition of the equipment will be made as follows:

1. Fair Market Value per Unit of $5,000 or less

    a. Items of equipment with a current per unit fair market value of $5,000 or less may be retained, sold or otherwise disposed of with no further obligation to the MDHHS.

    b. The Grantee must notify the MDHHS Grant Manager in writing of the equipment disposition. The notification must include a description of the equipment (including VIN number for vehicles), the date of purchase, the date of disposition, and the amount of sales proceeds. This information must be submitted to the attention of the MDHHS Grant Manager.

2. Fair Market Value per Unit of Greater than $5,000

   a. Request prior approval by email from MDHHS. Email your grant manager for approval to dispose of equipment.
   Note: If MDHHS fails to reply to the request within 120 days from receipt of notification from the Grantee, items of equipment with a current per unit fair market value in excess of $5,000 may be retained by the Grantee or sold.

   b. If the equipment is sold, the MDHHS may permit the Grantee to deduct and retain from the Federal share $500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses. The net proceeds should be deducted from the Grantee's allowable expenditures prior to reporting allowable expenditures to MDHHS.

   c. The Grantee must notify the MDHHS Grant Manager in writing of the equipment disposition. The notification must include a description of the equipment (including VIN number for vehicles), the date of purchase, the date of disposition, and the amount of sales proceeds. This information must be submitted to the attention of the MDHHS Grant Manager.

   d. The Grantee may transfer title to the property of the Federal Government or to an eligible third party provided that, in such cases, the Grantee must be entitled to compensation for its attributable percentage of the current fair market value of the property.

3. Required Documentation of Disposal Process

   The Grantee must document the disposal process as required by 2 CFR 200.313, which states: Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, cost of the property, percentage of federal participating in the project costs for the Federal award the property was acquired, the location, use and condition of the property and any ultimate disposition data including the date of disposal and sale price of the property.

   In cases where the Grantee fails to take appropriate disposition actions, such as not selling equipment that is no longer being used perhaps due to the program ending, the MDHHS may direct the Grantee to take disposition actions.

REFERENCES

- 2 CFR Part 200
- Department of Energy (DOE) Weatherization Program Notice 13-7

PURPOSE

To provide Grantees with instructions regarding the purchase, disposition and reporting of equipment and vehicles acquired with Weatherization Assistance Program (WAP) funds.

POLICY

Equipment and Vehicle Purchases

The Grantee is required to obtain prior written approval from the Department of Human Services (DHS) Bureau of Community Action and Economic Opportunity (BCAEO) and the DOE for the purchase of equipment and/or vehicles for the Weatherization Assistance Program.

The Grantee is required to submit a DHS-551, Equipment Purchase Request, to MDHHS that must include the following:

1. The bid specifications provided to potential bidders, their bid price, and a determination whether each proposal met the bid specification.

2. Where the vehicle(s) and/or equipment will be used and how it will be used-specifically full or part time use in the Weatherization Assistance Program.

3. The bid documents received from vendors.

4. Identification of the bid which is being accepted.

5. If the Grantee does not accept the lowest bid, rationale must be provided.

6. If requesting a vehicle purchase, Grantee must provide a justification as to why a vehicle is needed, a list of all currently inventoried vehicles purchased using DOE funds, and whether or not any of the existing vehicles will be disposed of.

The Grantee's grant manager will review the request. If approved by the grant manager, the request will be submitted to the DHS WAP Specialist for review and recommendation. The request will then be forwarded to DOE for final review.

The Grantee may not complete the purchase until approval has been received from DHHS and DOE.

NOTE: The Grantee may request to reserve DOE funding for equipment/vehicle purchases later in the program year. However, the actual purchase(s) may not be made until all required documentation has been submitted, reviewed and approved by DHHS BCAEO and DOE.

Within 15 days after the vehicle delivery date, the Grantee must submit verification of the purchase including the date of purchase, purchase price, and the vehicle identification number (VIN).

A Grantee's request for purchase and subsequent purchase information may be submitted to the grant manager by email with all required documentation as PDF attachments.

Equipment and Vehicle Disposition

Equipment must be used by the Grantee for the authorized purposes of the project until funding for the project ceases, or until the property is no longer needed for the purposes of the project. Grantees must then dispose of equipment and vehicles using the most applicable option outlined in the following guidance.

NOTE: Additional guidance to help determine Fair Market Value and methods for disposing of excess equipment and vehicles is located in the Implementation Guide at the end of CSPM 404.2.

1. Fair Market Value per Unit of **Less** than $5,000

    a. Proceeds from the sale are to be utilized in the Weatherization Assistance Program. Such income and related expenditures will be reported on the monthly Statement of Expenditures, DHS-4326-DOE, as Other Income.

    b. The Grantee must notify the DHHS grant manager in writing of the equipment or vehicle disposition. The notification must include a description of the equipment or vehicle, the VIN (if applicable), the date of purchase, the date of disposition, the method of disposition, and the amount of the sales proceeds. This must be submitted to the attention of the DHHS grant manager, either electronically via email or U.S. mail at the address identified above.

2. Fair Market Value per Unit **Equal to or Greater Than** $5,000

   a. Transfer to another DOE-funded Weatherization Assistance Program

      Applies to transfer from Grantee's DOE program to another WAP program within the state network. A Grantee desiring to dispose of equipment or vehicles acquired with DOE WAP funds by transferring the item(s) to another DOE-funded WAP program must request DHS BCAEO approval of the transfer by completing Form MI-SF-428(T) "Equipment/Vehicle Transfer Request." The completed form must be submitted to the grant manager by email. **A copy of the form and the related instructions are attached to the end of this CSPM item.**

   b. All Other Disposal Methods

      1. A Grantee desiring to dispose of equipment or vehicles acquired with DOE WAP funds by any method not identified in paragraph 2(a) above must request disposition instructions by completing Form SF-428, Form SF-428(C) and Form SF-428(S). The completed form must be submitted to the grant manager by email. **Copies of the forms and related instructions are attached to the end of this CSPM Item.**

         BCAEO will contact the DOE Program Officer for approval. DOE is required to provide disposition instructions within 120 calendar days. If a response is not received from DOE within that time period, the DHHS-BCAEO will notify the Grantee that they may proceed with the disposition.

      2. The Grantee may retain $500 or ten percent of the sales proceeds, whichever is less, for selling and handling expenses. Such income and related expenditures will be reported on the monthly Statement of Expenditures as Other Income and Other Expenditures.

         The Grantee is required to submit a check, payable to the U.S. DOE, for the net proceeds to the attention of the procurement officer at:

         U.S. Department of Energy
         National Energy Technology Laboratory
         Financial Management Division – Attn: Jason Paupa
         626 Cochrans Mill Rd
         P.O. Box 10940 M/S 921-227
         Pittsburgh, PA 15236

The Grantee must notify the DHHS grant manager in writing of the equipment or vehicle disposition. The notification must include a description of the equipment or vehicle, the VIN (if applicable), the date of purchase, the date of disposition, the method of disposition, the total amount of sale proceeds and a photocopy of the check sent to DOE.

3. Required Documentation of Disposal Process

The Grantee must document the disposal process as required by 2 CFR 200.313, which states: Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, cost of the property, percentage of federal participating in the project costs for the Federal award the property was acquired, the location, use and condition of the property and any ultimate disposition data including the date of disposal and sale price of the property.

TANGIBLE PERSONAL PROPERTY REPORT
SF- 428

		Page	of Pages
1.Federal Agency and Organization Element to Which Report is Submitted U.S. Department of Energy National Energy Technology Laboratory	2. Federal Grant or Other Identifying Number Assigned by Federal Agency	3a. DUNS	3b. EIN
4. Recipient Organization (Name and complete address including zip code)		5. Recipient Account or Identifying Number Contract Number DOE-13-XXXXX	
6. Attachment (Check applicable) ___ Annual Report (SF-428-A) ___ Final (Award Closeout) Report (SF-428-B) _X_ Disposition Report/Request (SF-428-C)		7. Supplemental Sheet _X_ Yes ___ No	
8. Comments			
9a. Typed or Printed Name and Title of Authorized Certifying Official	9c. Telephone *(area code, number, extension)*		
	9d. Email address		
9b. Signature of authorized Certifying Official	9e. Date report submitted *(Month, Day, Year)*		
	10. Agency use only		

Instructions for Tangible Personal Property Report: SF-428

The estimated annual public reporting burden for the collection of information on this form and its attachments is estimated to average 2.75 hours per respondent, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0043), Washington, DC 20503.

This is a standard form to be used by awarding agencies to collect information related to tangible personal property (equipment and supplies) when required by a Federal financial assistance award. The form consists of the cover sheet (SF-428) and three attachments to be used as required: Annual Report, SF428-A; Final (Award Closeout) Report, SF-428-B; and a Disposition Request/Report, SF-428-C. A Supplemental Sheet, SF-428S, may be used to provide detailed individual item information.

A. General Instructions:

Tangible personal property means property of any kind, except real property, that has physical existence. It includes equipment and supplies. It does not include copyrights, patents or securities. For convenience, throughout this form and its attachments, the term property will be synonymous with tangible personal property. The terms equipment and supplies will be used when referring to specific requirements.

Property may be provided by the awarding agency or acquired by the recipient with award funds. Federally-owned property consists of items that were furnished by the Federal government.

Recipients of Federal assistance awards may be required to provide Federal awarding agencies with information concerning property in their custody annually, at award closeout or when the property is no longer needed. Specific requirements will vary based on award provisions, the type of property (equipment or supplies) and whether the property is Federally-owned. This reporting form and its attachments are intended to assist recipients to provide necessary information when it is required.

1. **Federal Agency and Organizational Element to Which Report is Submitted.** Enter the name of the Federal agency and the agency organization element identified in the award document or as otherwise instructed by the agency. The organizational element is a sub-agency within a Federal agency. For example, the Air Force Office of Scientific Research (AFOSR) is an organizational element within the Department of Defense.

2. **Federal Grant or Other Identifying Number Assigned by Federal Agency.** Enter the Federal grant, cooperative agreement or other Federal financial assistance award instrument number or other identifying number assigned to the Federal financial assistance award. **For DOE Weatherization, the award number is EE-00000076. For DOE-ARRA Weatherization, use award EE-00000098.**

3a. **DUNS.** Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number. The DUNS number is also referred to as the Universal Identifier.

3b. **EIN.** Enter the recipient organization's Employer Identification Number (EIN) as assigned by the Internal Revenue Service.

4. **Recipient Organization.** Enter the name and complete address, including zip code, of the recipient organization.

5. **Recipient Account or Identifying Number.** Enter the account number or other identifying number assigned to the award by the recipient. This number is for the recipient's use and is not required by the Federal agency. Use the number assigned to your contract.

6. **Attachment.** Check the applicable line to indicate the type of attachment being submitted. Use the Annual Report, SF-428-A, when required to provide annual inventory listings of Federally-owned property. Use the Final Report, SF-428-B, when required to provide property information in connection with the closeout of an award. Use the Disposition Request/Report, SF-428-C, when required to request disposition instructions for or to report the disposal of Federally-owned property or acquired equipment, at any time other than award closeout (i.e., during the award period or after award closeout as long as the Federal government retains an interest in the item).

7. **Supplemental Sheet.** Check the applicable block to indicate whether a Supplemental Sheet is attached. Recipients may use the SF-428S or equivalent document such as a computer print out to provide required detailed individual item information.

8. **Comments.** Provide any explanations or additional information in this block. Attach additional sheets if necessary.

9a. **Typed or Printed Name and Title of Authorized Certifying Official.** Enter the full name and title of the recipient representative authorized to sign this report.
b. **Signature of Authorized Certifying Official**. Original signature of the recipient's authorized certifying official.
c. **Telephone.** Enter the telephone number of the individual listed in Line 9a.
d. **Email address.** Enter the email address of the individual listed in 9a.
e. **Date report submitted.** Enter the date the report is submitted to the Federal agency.

10. **Agency use only.** This section is reserved for Federal agency use only.

TANGIBLE PERSONAL PROPERTY REPORT
Disposition Request/Report SF-428- C

Federal Grant or Other Identifying Number Assigned by Federal Agency (Block 2 of SF-428)

1. **Request Disposition Instructions for**:	**For Agency Use Only**
a. **Federally-owned Property** *(Select one or more and attach Supplemental Sheet SF-428S or recipient equivalent)* (i) ___Request Federal Agency disposition instructions (ii) ___Other (Specify in Block 8 "Comments" or attach request)	Agency response to requested disposition of Federally owned property: (i) Recipient request approved___ denied ____. (ii) Dispose in accordance with attached instructions ___.
b. **Acquired Equipment with current fair market value of $5,000 or more** *(Select one or more and attach Supplemental Sheet SF-428S or recipient equivalent)* (i) ___ Request approval to trade-in or sell to offset costs of replacement equipment (ii) _X_ Request Federal Agency disposition instructions	Agency response to requested disposition of acquired equipment: (i) Recipient request approved___ denied ____. (ii) Dispose in accordance with attached instructions ___.

Authorized Awarding Agency Official	
Signature:	Date:
Name:	Phone:
Title	Email

2. **Report Disposition by Sale or Retention**

a. ___Retention of acquired equipment for use on non Federally supported projects

b. ___Sale of acquired equipment

(Attach Supplemental Sheet SF-428S or recipient equivalent and complete worksheet below)

(i) Sale proceeds (or estimate of current fair market value)..... $_____

(ii) Percentage of Federal participation ..... _____%

(iii) Federal share ..... $_____

(iv) Selling and handling allowance ..... $_____

(v) **Amount remitted to the Federal Government**..... $_____

3. **Report Loss, Destruction or Theft of Federally-owned Property**

___ Loss, Destruction or Theft of Federally-owned property

(Attach Supplemental Sheet SF-428S or recipient equivalent and describe the circumstances in Block 4)

4. **Comments**

DISPOSITION REQUEST/REPORT ATTACHMENT TO TPR

Agency use only

Instructions for Disposition Request/Report: SF-428 Attachment C

A. General Instructions:

This Attachment is to be used by recipients when required to request disposition instructions or to report disposition of Federally-owned property or acquired equipment under Federal assistance awards at any time other than award closeout (i.e., during the award period or after closeout as long as the Federal government retains an interest in the item).

Recipients provided Federally-owned property for use under Federal assistance awards are required to request disposition instructions from the awarding agency when the Federally-owned property is no longer needed for the authorized purpose. Recipients may be required to request disposition instructions for equipment acquired with award funds (acquired equipment) when an item is no longer needed for use on Federally-sponsored activities. Recipients may also be required to provide compensation to the awarding agency when acquired equipment is sold or retained for use on activities not sponsored by the Federal government. This attachment is intended to assist recipients in providing appropriate information to the awarding agency. Note: If the Federal awarding agency has exercised statutory authority to vest title to acquired equipment in the recipient with no further obligation to the Federal government, you are not required to request disposition instructions or to report disposition (i.e., sale or retention for non Federal use) of those items of equipment.

Federal Grant or Other Identifying Number Assigned by Federal Agency. Enter the Federal grant, cooperative agreement or other Federal financial assistance award instrument number or other identifying number assigned to the Federal financial assistance award. **For DOE Weatherization, the award number is EE-00000076. For DOE-ARRA Weatherization, use award EE-00000098.**

1. **Request Disposition Instructions for:** Use this section to request Federal awarding agency disposition instructions when required by the award provisions.

a. **Federally-owned Property.** Consists of items that were furnished by the Government. Check applicable blocks to indicate the requested Federal awarding agency action for items that are no longer needed for use on the award specified in Block 2.

(i) To request Federal agency disposition instructions
(ii) To request a specific disposition, e.g., transfer to another award

b. **Acquired Equipment with a current fair market value of $5,000 or more.** Note: Fair market value means the best estimate of the gross sales proceeds if the property were to be sold in a public sale. Check applicable blocks to indicate the requested Federal awarding agency action.

(i) To request approval to trade-in or sell to offset costs of replacement equipment
(ii) To request Federal agency disposition instructions for equipment acquired with award funds

2. **Report Disposition by Sale or Retention.** Use this section when required to compensate the Federal awarding agency for its interest in acquired equipment with a current fair market value of $5,000 or more that you have sold or retained for use on non Federally supported activities. Check applicable blocks to indicate the type of action being reported and complete the worksheet to calculate the amount of compensation due to the awarding agency for its interest in the equipment.

a. Retention of acquired equipment for use on non-Federally supported projects.
b. Sale of acquired equipment

Worksheet

(i) Enter the total amount received if the equipment has been sold. Enter an estimate of the current fair market value if the equipment will be retained for use on non Federally funded projects.
(ii) Enter the percentage of Federal Government participation in the award under which the equipment was acquired.
(iii) Enter the dollar amount of sales proceeds (or estimate of current fair market value) multiplied by the percentage of Federal Government participation listed in (ii).
(iv) If the equipment was sold, enter the amount of selling and handling expenses. Enter zero if the equipment will be retained for use on non-Federally funded projects.
(v) Enter the amount of the Federal share in (iii) less the selling and handling expense listed in (iv). Indicate in Block 8 how the funds are being returned to the government. For example, attached check made out to the Awarding Agency/U.S. Treasury or electronic remission.

3. **Report Loss, Destruction or Theft of Federally-owned Property.** Use this section to notify the awarding agency. Check block to indicate that Federally-owned property has been lost, damaged or stolen, list the item(s) on SF-428S or recipient equivalent and describe the circumstances in Block 4.

4. **Comments.** Provide any explanations or additional information in this block. Attach additional sheets if necessary.

Agency use only. This section is reserved for Federal agency use only.

TANGIBLE PERSONAL PROPERTY REPORT
Supplemental Sheet SF-428S

Federal Grant or Other Identifying Number Assigned by Federal Awarding Agency (Block 2 of SF-428)	Attachment Type ___Annual Report ___Final (Award Closeout) Report ___Disposition Request/Report	Page	Of Pages

Complete one row for each item:

	Award Number (a)	GP or ACQ (b)	Description of Item (c)	Identification Number (d)	Acq. Date (e)	Cond. Code (f)	Acq. Cost (g)	Disp. Req. (h)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

Instructions for Tangible Personal Property Report: SF-428S

A. General Instructions

This is a standard form to be used by recipients to provide detailed individual item information in connection with required reports of tangible personal property under Federal assistance awards.

Federal Grant or Other Identifying Number Assigned by Federal Agency. Enter the Federal grant, cooperative agreement or other financial assistance award instrument number or other identifying number assigned to the Federal financial assistance award. If the Supplemental Sheet is submitted in connection with a Consolidated Annual Report Attachment, leave blank and enter individual award numbers in Column (a) for each item. **For DOE Weatherization, the award number is EE-00000076. For DOE-ARRA Weatherization, use award EE-00000098.**

Report Type. Indicate the type of report Attachment for which the individual item information is being provided.

a. **Award Number.** For Consolidated Annual Report Attachments, enter the Federal grant, cooperative agreement or other Federal financial assistance award instrument number or other identifying number assigned to the Federal financial assistance award. For all other Report Attachments (i.e., Individual Annual, Final, and Disposition Request/Report) leave blank.

b. **GP or ACQ.** Enter GP if the item is Federally-owned property. Note: Federally-owned property consists of items furnished by the Federal Government for use on the award identified in Block 1 or Column a. Enter ACQ if the item was acquired with award funds.

c. **Description of Item.** Provide a brief description of the item.

d. **Identification Number.** Enter the manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.

e. **Acq. Date.** Enter the date the item was acquired by the recipient. For items furnished by the Federal Government, enter the date received by the recipient.

f. **Cond. Code**. Enter the applicable condition code from the following list:

Code	Description
1	Excellent. Property that is in new condition or unused condition and can be used immediately without modification or repairs.
4	Usable. Property which shows some wear, but can be used without significant repair.
7	Repairable. Property which is unusable in its current condition but can be economically repaired.
X	Salvage. Property which has value in excess of its basic material content, but repair or rehabilitation is impractical and/or uneconomical.
S	Scrap. Property which has no value except for its basic material content.

g. **Acq. Cost.** Enter the item acquisition cost.

h. **Disp. Req.** Indicate the type of disposition requested for each item by entering the corresponding number from Block 2 of the Final Report Attachment or Block 1 of the Disposition Request/Report Attachment. However, it is not necessary to enter this information when requesting the same disposition for all items of Federally-owned property or the same disposition for all items of Acquired Equipment (the disposition request indicated in the applicable Block(s) of the Final Report Attachment or the Disposition Request/Report Attachment will be sufficient). Not required for Annual Report Attachments.

EQUIPMENT/VEHICLE TRANSFER REQUEST
Disposition Request/Report MI-SF-428(T)

Agency Name

Contract Number (DOE-XX-XXXXX)

1. Request Transfer Approval for Acquired Equipment with current fair market value of $5,000 of more:
   (a) ___Transfer to other DOE-funded Weatherization Assistance Program within Agency
   Name of program:_____
   (b)___Transfer to other DOE-funded Weatherization Assistance Program at another Agency
   Name of agency:_____
   Name of program:_____
   Contact at receiving agency:_____

2. Description of Equipment and/or Vehicle(s) being transferred:

Item Description	Identification #	Date Acquired	Acquisition Cost	Item Condition

Submit additional pages as necessary.

Comments:

3a. Typed or Printed Name and Title of Agency Authorized Certifying Official	3c. Telephone Number
	3d. Email Address
3b. Signature of Authorized Certifying Official	3e. Date Submitted

4. DHS BCAEO Response
   ___ Approve ___Reject ____ Approve with modifications:

5a. Typed or Printed Name and Title of DHS-BCAEO Authorized Certifying Official	
5b. Signature of Authorized Certifying Official	5c. Date of Action

Instructions for Form MI-SF-428(T)

Agency Name: Self-explanatory.

Contract Number: Contract under which the equipment or vehicle was purchased.

Request Transfer Approval: Mark (a) if equipment or vehicle will remain at your agency and be used in another DOE-funded Weatherization Assistance Program. Mark (b) if equipment or vehicle will be transferred to another agency and be used in their DOE-funded Weatherization Assistance Program

Description of Equipment and/or Vehicle(s) Being Transferred: Provide description of the equipment and/or vehicle(s) being transferred:

Item Description: Description of item including make and model

Identification #: Identifying number such as VIN or serial number

Date Acquired: Self-explanatory

Acquisition Cost: Self-explanatory

Item Condition: Excellent, good, fair, poor, etc.

Typed or Printed Name and Title of Agency Authorized Certifying Official: Name of Agency Official with authority to dispose of the items.

Signature: Signature of Official named in 3a.

Telephone Number: Telephone number of Official identified in 3a.

Email Address: Email address of individual identified in 3a.

Date Submitted: Self-explanatory

Implementation Guide for CSPM 404.2
Disposal of Vehicles & Equipment Acquired with DOE Funds
Effective July 1, 2014

Purpose: To provide subgrantee agencies additional guidance in complying with CSPM 404.2.

Determining Fair Market Value

Vehicles: For vehicles such as cargo vans, pickup trucks, and sport utility vehicles, websites such as www.edmunds.com; www.kbb.com; and www.nadaguides.com can provide an idea of the fair-market-value of the vehicle. Simply enter the information about the vehicle such as the year, make, model, options and mileage and the website will provide the current market value of the vehicle.

For commercial vehicles such as box trucks, fee-based services such as www.truckbluebook.com can provide the current market value of the vehicle.

Equipment: To determine the fair-market-value of used equipment such as infrared-cameras and blower doors, compare your item to items for sale. The internet is a good resource for this. The item's manufacturer may be able to provide guidance as well.

The Bureau does not endorse any of the above mentioned websites or resources, but does provide them as a source for reference. The information received from the above resources provides guidance on the value one may expect to receive when selling used vehicles or equipment. It does not guarantee that your agency will be able to receive the same amounts when selling its vehicles/equipment as item conditions and market conditions will vary. Ultimately, fair-market-value is the price at which a willing buyer and a willing seller agree to complete a transaction.

Sale Methods

Vehicles and equipment may be sold through various methods including *Advertisement, Public Auction* and *Sealed-Bid*. Regardless of which sale method is selected, the method should provide open and free competition in order to gain the best price for the vehicles or equipment being sold. The agency may sell vehicles and equipment to individuals and contractors with whom the agency has a relationship, but may not give them preference or other advantages over other potential buyers in the sale process.

REFERENCES

- Michigan Department of Health & Human Services Agreements
- Civil Service Commission and Department of Technology, Management & Budget Standardized Travel Regulations
- Department of Technology, Management & Budget, Vehicle and Travel Services Schedule of Travel Rates

PURPOSE

To establish the Travel and Employee Expense Reimbursement Policy for the Michigan Department of Health and Human Services (MDHHS) and to provide guidance in interpreting the Standardized Travel Regulations issued by the Department of Technology, Management and Budget (DTMB) and the Civil Service Commission.

POLICY

Reimbursement Rates

For travel costs (including mileage) incurred **related to services provided under MDHHS Agreements**, the contractor/grantee may bill MDHHS the state rate or the contractor's/grantee's usual reimbursement rate for employees, **whichever is less**.

The State of Michigan Schedule of Travel Rates can be found at the following web site:

http://michigan.gov/dtmb/0,5552,7-150-9141_13132---,00.html

Updates are posted immediately on the web site to maintain a current reference.

DOCUMENTATION REQUIRED

Employees are responsible to retain all receipts and documentation according to their organizations internal control procedures.

The following documentation, when applicable, is required for audit purposes:

- Receipts for lodging, and parking (charge card receipts are not acceptable)
- Conference/Meeting agenda
- Itemized Meal Receipts (upon request during audit)
- Explanations if needed to justify reimbursement requests (e.g., hotel would not permit state rate due to the lack of a state I.D. card)

Failure to provide these receipts and other documentation upon request will result in the reimbursement being disallowed and due back if previously paid.

OFFICIAL WORK STATION

The city and surrounding area where an employee's office is located. For employees who have continual field assignments, the work station is the city and county in which the employee's headquarters are located.

GROUP MEETINGS

Group meal rates must be pre-approved by MDHHS and are reimbursable only under the following conditions:

- Attendees are required to eat together as a condition of conference/meeting/training attendance
- An itemized receipt must be provided
- An approved agenda must be attached to the travel reimbursement request
- The meeting lasts a minimum of 5 hours and occurs during meal times as listed in the state standardized travel regulations

HOTEL RESERVATIONS AND DOCUMENTATION

To make reservations for hotel rooms **associated with a conference**:

- The conference room rate is allowable and contractors/grantees should book directly with the conference hotel

- The contractor/grantee should maintain documentation verifying conference name and activity, conference date, location and room rate to support travel costs and reimbursements

- For DOE and CSBG agreements, if a conference site is not available, an agency may choose a hotel near the conference site. The agency must document the reason for not staying at the conference site and how they chose a different hotel for the conference:

  - Closest to conference venue
  - Most appropriate accommodations near conference venue
  - Most reasonable priced hotel near conference venue

To make reservations for hotel rooms **not associated with a conference**:

- When usual room rates do not exceed the State rate, contractors/grantees should book rooms directly with the hotel

- For DOE and CSBG agreements, if it is found that the State rate is not available for a grantee, the grantee must document at least three prices for hotels in the area and show that the most reasonable rate was chosen. Grantees must document one of the follow reasons for choosing a hotel outside of the State of Michigan travel guidelines:
  - Lowest available appropriate lodging
  - Required by client/partner

Internet access fees will be reimbursed during the hotel stay when the fee is listed on the hotel receipt.

Reimbursement will not be made for lodging at the homes or other locations owned by relatives and/or friends.

MEAL REIMBURSMENT

Meal reimbursement requires an itemized, legible, and unaltered receipt and is limited to the maximum amount listed in the schedule of travel rates. Receipts cannot be either a calculator tape or hand written without sufficient justification on the travel reimbursement request as to why a proper receipt was not provided to the employee.

Meal receipts may be retained by the employee but must be submitted upon request for audit purposes.

Failure to provide the requested meal receipt(s) will result in the meal reimbursement being disallowed.

Meals must be purchased on the day of and during the times of travel for which the employee seeks reimbursement and must be only for items consumed by the employee during the travel period. Meal reimbursement requests cannot include the purchase of food intended for someone other than the employee or for meal outside of the travel period.

Meals within an employee's home city and county or their Official Work Station (OWS) are not reimbursable unless they are for official meetings; see **Group Meetings** in this item.

Employees attending pre-arranged meetings or conferences at their home or OWS can be reimbursed for their meals if the meeting or conference requires all attendees to eat together at the meeting site. The meeting must last a minimum of 5 hours and occur during the meal times as listed in the Standardized Travel Regulations. An itemized receipt and a copy of the agenda are required for reimbursement.

Meal tips (maximum 20 percent) are included with the meal price in the maximum reimbursable amount. Tips on take-out or at fast food restaurants are not reimbursable.

MILEAGE REIMBURSMENT

Reimbursable business mileage consists of business miles incurred with a personal or agency vehicle while in official travel status. Mileage between an employee's home and their official work station is personal commuting mileage and is not reimbursable. Mileage driven to an employee's home for lunch is considered personal and is not reimbursable.

Mileage between an employee's home and a second office may be reimbursable but taxable (for IRS purposes) and is reviewed on a case-by-case basis.

Mileage (both standard and premium rates) will be paid in accordance with the Standardized Travel Regulations.

Charges for gasoline, lubrication, repairs, antifreeze, towage, and other expenditures will not be allowed as reimbursable items when privately owned vehicles are used.

BOARD OR COMMITTEE MEMBER TRAVEL

All board and committee members are required to follow the State of Michigan Standardized Travel Regulations, and DTMB Schedule of Travel Rates.

Payment vouchers for travel expenditures for board and committee members must clearly state on the payment voucher that the traveler is a member of the board or committee as well as the board or committee name.

PER DIEM

Per diem status allows an employee to not be required to submit meal and lodging receipts for 24 hour periods of travel. Travel consisting of less than 24 hour increments will still require receipts.

Per diem includes meals, lodging, taxes, tips, and incidentals. Per diem does not include parking.

Employees may switch between the per diem reimbursement basis and the actual reimbursement basis one time per year.

Per diem reimbursement rates can be found in the Standardized Travel Regulations.

RECEIPTS

Itemized, unaltered receipts are required for all lodging, meal, and non-metered parking reimbursements. Meal receipts may either be submitted with the reimbursement request or be retained by the employee until requested for audit purposes. Credit card receipts are not acceptable as they do not itemize costs.

Lodging receipts must show the hotel name and address, room rate and the tax amount separate.

Public transportation receipts are required for all taxi cab and shuttle claims. The actual cost of the transportation and tips (maximum 20 percent) will be reimbursed provided the amounts are included on the receipt.

Alcohol and tobacco is never allowable and must not be included in the reimbursement request.

OVERPAYMENTS

The MDHHS has the right to require repayment of any excess reimbursement of travel expenses and to recover those excess reimbursements **.**

Any travel related issues not addressed in this policy will be handled on a case-by-case basis and may require MDHHS prior approval before reimbursement is considered.

Limitations

The OMB cost principles require that travel costs be reasonable and necessary, and payment of more than the IRS limit, without adequate documentation to support a higher amount, could be determined to be unreasonable and result in a questioned cost.

The extension of services available to contractors/grantees through the State of Michigan contracted travel agency are intended for activities related to DHHS contracts/agreements only. Use of these services for any other activity is not permitted.

REFERENCES

- Bureau of Community Action and Economic Opportunity (BCAEO) Agreements
- Office of Management and Budget (OMB) Uniform Guidance 2CFR Part 200 and Appendices

POLICY

An auditor may request a confirmation from a funding source to assure proper cash transactions and balance verification.

Audit confirmation letters for programs funded by the Department of Human Services, BCAEO, should be submitted to:

Michigan Department of Human Services
Bureau of Community Action and Economic Opportunity
235 S. Grand Avenue
Grand Tower, Suite 202
PO Box 30037
Lansing, Michigan 48909

REFERENCES

- Weatherization Program Notice 15-1: Grant Guidance
- Bureau of Community Action and Economic Opportunity, Department of Energy (DOE) Agreements

PURPOSE

The Grantee may, at times, engage in income-producing activities related to the Weatherization Assistance Program (WAP). Examples include cash landlord contributions and income received from Home Energy Rating System (HERS) activities. This item outlines the accounting procedures to be followed for these and similar income-producing activities.

POLICY

The Grantee may account for net income from income producing activities either as program income for WAP or as unrestricted income for Grantee use. In either instance, the activity must be accounted for as a separate program or sub-program to weatherization.

Grantees opting to participate in income-producing activities must submit a description of how they will account for activity funds, to be incorporated into their Weatherization Plan.

Program Income for Weatherization

If income from the income-producing activity is to be considered as program income for WAP, 100% of the income generated must be utilized for WAP. All DOE guidelines (e.g., average cost per unit, NEAT requirements and income eligibility for clients) will apply to income generated by the activity.

DOE considers program income as any funds earned by Grantees from non-Federal sources during the courses of performing DOE WAP activities. The income generated must be used to complete additional dwelling units in accordance with DOE rules. It must be treated as an addition to program funds and is subject to the same rules as appropriated funds. Property owner (i.e. landlord) contributions and leveraged resources (i.e., or Grantee funds) are NOT considered to be “program income” for the purposes of WAP. Grantees requiring further clarification on program income, as it applies to their specific program, should contact their respective Grant Manager.

All Grantee administrative costs used for the activity, not to exceed the amount of income generated by the program, can be charged to DOE. If the Grantee

incurs a deficit in the activity, the deficit amounts must be charged to a program other than DOE.

Unrestricted Agency Income

The Grantee must follow OMB guidelines if the income from the income-producing activity is to be considered unrestricted agency income.

All income from the activity can be used by the Grantee at its discretion. If the Grantee opts to use the unrestricted funds for WAP, it is not subject to DOE requirements when expending these funds.

REFERENCES

Bureau of Community Action and Economic Opportunity (BCAEO) Agreements

PURPOSE

Grantees must follow and adhere to DHS approved expenditure plans and budgets. However, as explained below under "Policy," some expenditure flexibility is allowed.

Grantees receiving BCAEO funds that need to exceed the allowed flexibility must first obtain prior written approval from DHS on a Line Item Transfer Request (LITR) form. The approval process, to increase a line item expenditure amount, is outlined below

POLICY

A. CSBG Funds:

Expenditure Flexibility

Expenditures up to a 10% increase or $10,000, whichever is greater, above the direct cost line item categories are permissible provided the sum of all expenditures does not exceed the total amount of the Agreement. ***Example****: If an approved line item is $10,000, the Grantee may expend up to $20,000 in the line item without prior approval.*

B. CSBG Discretionary Funds:

Expenditure Flexibility

Expenditures up to a 5% increase or $1,500, whichever is greater, above the direct cost line item categories are permissible provided the sum of all expenditures does not exceed the total amount of the Budget. ***Example****: If an approved line item is $11,000, the Grantee may spend up to $12,500 in the line item without prior approval.*

C. DOE Funds:

Expenditure Flexibility

Expenditures up to a 5% increase or $3,000, whichever is greater, above the direct cost line item categories are permissible provided the sum of all expenditures does not exceed the total amount of the Budget. ***Example****: If an approved line item is $11,000, the Grantee may spend up to $14,000 in the line item without prior approval.*

For purposes of determining budget flexibility each budget category is considered one line item. **NOTE: Certain budget categories are no longer lumped together as one line item.**

- Labor & Materials will be considered one line item.
- Support will be considered one line item but cannot be increased over the allowable limit and is excluded from the flexibility limits noted above.
- Vehicle Purchase will be considered one line item.
- Administration will be considered one line item but cannot be increased over the allowable limit and is excluded from the flexibility limits noted above.
- T/TA will be considered one line item but cannot be increased over the allowable limit and is excluded from the flexibility limits noted above.
- Liability Insurance will be considered one line item.
- Financial Audit will be considered one line item.
- Health & Safety will be considered one line item.

D. LCA-MEAP Funds:

There are no budgets associated with the LCA-MEAP funds, therefore no Line Item Flexibility.

- Admin costs cannot exceed 8% of the total allocation.
- Direct Program costs must be at least 92% of the total allocation.

NOTE: If a Grantee uses less Administrative costs, they may use more Direct Program costs.

E. LIHEAP Funds

Expenditure Flexibility

Expenditures up to a 5% increase or $3,000, whichever is greater, above the direct cost line item categories are permissible provided the sum of all expenditures does not exceed the total amount of the Budget. ***Example****: If an approved line item is $11,000, the Grantee may spend up to $14,000 in the line item without prior approval.*

For purposes of determining budget flexibility each budget category is considered one line item. **NOTE: Certain budget categories are no longer lumped together as one line item.**

- Labor & Materials will be considered one line item.
- Support will be considered one line item but cannot be increased over the allowable limit and is excluded from the flexibility limits noted above.
- Administration will be considered one line item but cannot be increased over the allowable limit and is excluded from the flexibility limits noted above.

- T/TA will be considered one line item but cannot be increased over the allowable limit and is excluded from the flexibility limits noted above.
- Client Education will be considered one line item but cannot be increased over the allowable limit and is excluded from the flexibility limits noted above.
- Liability Insurance will be considered one line item.
- Financial Audit will be considered one line item.
- Health & Safety will be considered one line item.

General Information

- When a Grantee determines that a line item expenditure will exceed the flexibility noted above, a line item transfer request must be completed and approved prior to billing for expenditures that exceed the flexibility. All line item transfer requests must be submitted to the DHS Mailbox/Grant Manager with an updated budget. A signed, approved/denied copy of the LITR will be returned to the Grantee within 30 days.

- Copies of the correct LITR form may be obtained from the Grant Manager.

- The deadline for submittal of a Line Item Transfer Request is thirty (30) days prior to the Agreement ending date.

Allowable Line Item Transfers

1. Each line item increase must be accompanied by an equal amount of line item decrease. The increase or decrease may be spread across a number of line items, as long as the total of all decreases equals the total of all increases.

2. Each line item transfer request must include an explanation for the change to each line item. Requests for increases will be evaluated on the basis of allowability, reasonableness and need.

Unallowable Line Item Transfers

1. Requests for transfers where the amount of increase does not equal the amount of decrease will be returned for correction.

2. Line item transfers covering the cost for service, activity, etc. that is not allowed under the program will be denied.

3. Retroactive line item transfers requested for expenditures that have already been made.

4. Last minute transfers in an obvious attempt to unnecessarily commit funds.

SUBMITTAL PROCESS

The Line Item Transfer Request shall be submitted electronically, in the original format, along with an updated budget to the DHS-BCAEO Mail Box with a copy to your grant manager. E-mail addresses are as follows:

DHS-BCAEO Mail Box	DHS-BCAEO@michigan.gov
Viran Parag	ParagV@michigan.gov
Melissa McCollum	McCollumM@michigan.gov
Jeanine Stanley	StanleyJ@michigan.gov
Karen Williams	WilliamsK14@michigan.gov

REFERENCE

- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Title 2 of the Code of Federal Regulations Part 200.
- 10 CFR 440, WAP Regulations
- DOE Agreements

PURPOSE

2 CFR 200.319 states: "All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section."

This item provides the procedures for weatherization contractors to apply and qualify to provide services for the Weatherization Assistance Program. This item and associated attachments further describe the specification for weatherization work, and the bidding and award procedures for procuring contractor services.

Methods for Contractor Procurement

Method 1: A Grantee may choose to average the labor and material prices submitted by all contractors on their roster. If this method is chosen, contractor contracts can be two years in length and may include an option to extend for a third year. The Grantee must maintain a list of interested contractors throughout the contract timeframe and inform those contractors when the next Request for Proposal is posted.

Method 2: A Grantee may choose to build a roster of contractors and create individual audit libraries for each contractor rather than average pricing among all contractors. If this option is chosen, the Grantee must outline this in the bidding process and in contractual language. The Grantee must establish a roster of contractors and add to the roster at least every two years.

Procurement by sealed bid (formal advertising) is the preferred method for procuring construction. A Request for Proposal (RFP) must be developed and adequately publicized to enable the selection of a pool of eligible contractors. Contractors will be determined eligible to bid on single-family and/or multi-family weatherization jobs. A list of the eligible contractors will be maintained by the Grantee and referred to as the "Roster." Once the roster is established, the Grantee will then average the prices of those contractors on the roster for the program year. Agencies must define the process of how jobs will be awarded to contractors.

In the event an agency does not receive adequate response to build a roster i.e. only one eligible contractor, the agency must post an additional RFP within six months from the date of the original posting to allow additional contractors to be added to the roster. Agencies must define the process of how jobs will be awarded to the contractor(s).

In the event that an agency is seeking to contract with other Local Weatherization Operators for contracted mechanical, energy auditor, or quality control inspector, the agency can utilize the procurement by small purchase procedures (2 CFR 200.320) if the total amount expected to spend is not over the federal simplified acquisition threshold (typically $150,000). If the contract will exceed the threshold, a sealed bid (RFP) process is required. The bidding process and contract must provide detail as to how the jobs will be awarded.

To foster great economy and efficiency, in accordance with efforts to promote cost-effective use of shared services across the Federal government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services. (2 CFR 200.318)

Contractor Application and Qualification Procedures

This section provides an overview and guidance for the development of the contractor application and qualification assessment process used to determine the roster of qualified contractors. The solicitation should include at a minimum the following information (as applicable):

- WAP requirements- The RFP must indicate that selected contractors will be placed on a roster. It must reference mandatory compliance with State of Michigan, U.S. Department of Energy rules and regulations.
- Clear and accurate description of the technical requirements for material, product or service to be rendered
- Minimum qualifications (e.g., Quality Control inspector certification for final inspection contractors, proof of training aligned with experience and knowledge in the Job Task Analysis defined by DOE)
- Licensing requirements
- Certification Requirements
- Insurances
- Criminal background check
- Reporting requirements
- Scope of work
- Tracking process to evaluate contractor performance
- Selection criteria
- Material price list
- Labor price list
- Required equipment
- Training requirements
- Planned liquidated damages schedule for failed inspections, late job completions
- The number of contractors the Grantee anticipates selecting
- Appeal or protest procedures
- Appeal committee composition (if applicable)

The application should include at a minimum the following items to be completed by the bidding contractor(s):

- Contractor name and contractor company
- Contractor WAP experience and references
- Contractor capacity
- Contractor experience working with Grantee

The RFP may also include:

- A period of time for bidders to submit questions
- A process to respond to all bidders with Q & A feedback.

Selection Criteria

The selection criteria must clearly identify all required elements that MUST be met in order for a bidder to qualify as a contractor to be included on the Roster. The selection criteria may include the following:

- Licenses/Certification
- Experience in the program
- Experience with the Grantee
- Experience working in the service area
- Insurances
- Equipment
- Training
- Capacity

NOTE: The selection criteria MUST include points for woman and minority-based businesses.

Restrictions

The Grantee cannot make it a requirement to attend a pre-bid conference. The Grantee may instead, make an orientation session meeting attendance mandatory for all selected contractors.

Contractor location CANNOT be used as selection criteria. Points cannot be awarded because a contractor is located in a city within the Grantee service area. However, points can be awarded for previous program experience in the area(s).

Non-federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. These regulations restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in

Federal assistance programs or activities. Grantees must verify contractors are not on the debarment list, annually.

Solicitation Procedure

All RFPs must be adequately publicized. Selection of advertising methods determines the success of receiving responses from qualified vendors. Advertising helps determine the free and open competitive nature of the solicitation. Sufficient publication efforts include newspaper ads, online website postings, Public Service Announcement, etc.

RFP Price Lists

Materials shall be installed in accordance with the specifications and policies outlined in the Retrofitting Michigan Field Guide, Community Services Policy Manual, Technical Weatherization Policy (TWP) Manual, State and local law, and 10 CFR 440 Appendix A, Standards for Weatherization Material. Bidding contractors must be able to provide all measures - labor and materials - specified in the Weatherization Measure Unit Price list in accordance with all applicable federal, state, county, and local standards and specifications. All prices are for weatherization measures installed according to industry and program standards and include labor, material, permits, job site cleanup, overhead, and all other costs. Prices should reflect all costs associated with the contractor's delivery, installation, and administration of the weatherization program. All materials used in the weatherization program must meet the specifications of the various funding authorities. All prices for cellulose insulation materials shall meet federal recycled materials specifications. Contractors must indicate a price for each item on the list. If any required items are left blank, the proposal will be considered incomplete and the proposal may be rejected.

The prices submitted should be set at a rate which allows the contractor to install all measures to meet Federal, State, County and local standards and specifications regardless of the techniques or methods used. A warranty must be provided on materials and labor for a period of eighteen (18) months from the date of the Grantee’s acceptance of the work (the work has passed inspection).

See the required Unit Price List elements in the NEAT and MHEA Setup Library Measures sections in Attachment A of this policy item.

RFPs for energy auditor, mechanical, and quality control inspector should have relevant pricing for each role i.e. initial inspection, deferrals, final inspection, return inspections, etc.

Special Provisions

RFP price list language should include provisions for material/labor costs not included on the RFP price list. For example:

> "Other materials may be substituted on a case by case basis with the Grantee's prior approval."

If the Grantee exercises procurement method 1, language should be added to indicate the procedure. For example:

> "All prices submitted by awardees of this RFP will be averaged. Contractors submitting RFPs must agree to averaging prices. "All weatherization measures not specified on the price list will be negotiated with the contractor on a job by job basis (e.g., time and materials) or prices will be requested through a supplemental bid. The Grantee reserves the right to delete any such measure if the price is deemed to be inappropriate."

If the Grantee utilizes procurement Method 2, language should be added to indicate the procedure. For example:

> "All weatherization measures not specified on the price list will be negotiated with the contractor on a job by job basis (e.g., time and materials) or prices will be requested through a supplemental bid. The Grantee reserves the right to delete any such measure if the price is deemed to be inappropriate."

Contractor Selection Process

The Grantee will convene a selection committee to review all RFPs for completeness and to rate each for the various selection criteria. The committee will determine the contractors deemed eligible for the Roster.

Notification to Contractor

When the evaluation process is complete, the Grantee will inform the contractor(s) of the qualification decision. The Grantee will notify the selected contractors of the placement on the Roster. The Grantee will notify the contractors not selected and explain why they were not selected. These notifications will be done in writing.

Job Awards/Assignments

All work must be awarded to contractors on the roster in a fair manor. This process should be outlined in the contract. The Grantee can establish a list of reasons that they would deter from the established method of job awarding. This must be documented in the contract. Reasons can include:

- Work Capacity

  The contractor must be able to complete the work within the time specified. For single unit jobs, the contractor will have 45 calendar days from the time of the preliminary award notice to complete the work so that it is ready for final inspection and approval by the Grantee.

- Financial Capacity

  The Grantee monitors the dollar amount of work outstanding at any given time with each Contractor. The Grantee will not issue a contractor additional work beyond its financial capacity, until some work currently outstanding is completed, inspected, and paid.

  If the next contractor on the roster has $50,000 or more work outstanding at the time of the bid, the Grantee may award the job to the next contractor.

- Inspection Passage Rate

  The Grantee tracks each contractor's rate of passing final inspections of jobs completed over the preceding 3-month period.

  If the contractor has an inspection rate passage below 90% for jobs completed over the preceding 3-month period, the Grantee may award the job to the contractor on the roster.

- Job Completion Timeliness

  The Grantee tracks each contractor's record of completing jobs over the preceding 3 months within the timeline specified at the time of the award.

  If the contractor has not completed at least 90% of jobs awarded within the previous 3 months within the timeline specified, the Grantee may award the job to the next contractor.

- Refusal of Work

  When a contractor is preliminarily awarded a job, he/she has the right to refuse the work. However, the Grantee assumes that the reason for refusal is that the contractor does not have the capacity to complete the work within the required timeframe.

  If a contractor refuses one job, the Grantee may assume that the contractor does not have the capacity and may choose not to offer the next job to that contractor.

Procurement Process

The following is a step-by-step process to use to procure contracted work.

1. Certified energy auditor completes the audit and derives the scope of work for a job. Scope of work is reviewed/approved by agency staff and is entered into the FACSPro database- Wx Module- work order queue.
2. If awarding jobs exercising procurement Method 1, award the job by the fair method the agency has established in the RFP, contract language, and internal policy.
3. If awarding jobs utilizing procurement by Method 2, bid process is run in WA 8 database, using current unit prices of each contractor for the quantities of work in the project scope. The Grantee will also apply the non-price eligibility criteria described above. The total, cumulative costs of all audits, the selected contractor, and the reason the job/bundle was awarded to chosen contractor shall be entered into the “Comment” section of the Audit Information page of WA8.
4. The selected contractor is notified through the preliminary award notice, which specifies the job location, scope of work, Quality Control Checklist, contract award price and deadline for completion of unit.
5. Contractor who receives the preliminary award notice contacts the Grantee within three (3) business days of receipt of the preliminary award notice, to confirm its acceptance of the job or to refuse the job. This is accomplished by signing and returning the preliminary award notice. See Preliminary Award Notice.
   a. The contractor may contact the Grantee with all job related questions.
   b. The contractor may visually inspect the job location by doing a “drive by” of the site.
6. If the contractor refuses the job, the Grantee will send a preliminary award notice to the next contractor, and that contractor begins at step 5.

7. Once the contractor accepts the job by signing and returning the preliminary award notice, the Grantee moves the job to Job Assigned queue. The contractor then arranges the work with the occupant.
8. During the course of the job, the Grantee is encouraged to complete an in-progress inspection of the work to ensure it is being carried out according to specifications. The Grantee will arrange such inspections with the contractor, and normally, the contractor's presence is required.
9. The contractor completes the work within the timeframe specified and notifies the Grantee when the work is ready for final inspection.
   Effective July 1, 2015, certified Quality Control (QC) Inspector inspects the work.
   a. If all work passes inspection, QC inspector approves the job for payment.
   b. If work does not pass inspection, QC inspector specifies additional work to be done to bring work up to specifications. The contractor has five (5) business days to make the necessary modifications/corrections and arrange for reinspection.
10. The contractor submits its invoice for payment.
    a. The scope of work showing the measures and prices (including change order items-see below) must be submitted with the contractor's invoice, and the amounts must match.
    b. Along with the invoice, the contractor submits other documentation required by the Grantee (Contractor's Warranty, Certificate of Insulation, Lien Release, etc.).
11. The Grantee shall pay approved invoices for work that passed inspection within 30 days of receipt.

Unit Price List Updates

The Grantee uses unit price lists provided by the contractors to calculate the contract award amount for each given job/bundle. Contractors may update their price lists periodically for their own business reasons (e.g., changes in material prices, competiveness of bids, etc.). Grantees utilizing procurement Method 1, may allow pricing to be updated annually. Grantees utilizing procurement Method 2, may allow pricing to be updated quarterly.

The Grantee shall provide BCAEO technical staff with all WA 8 NEAT/MHEA library prices before incorporating into the audit. Staff will review, approve or deny and inform the Grantee to proceed or assist with any required corrections/modifications.

Change Orders

Due to the nature of the work, there may be cases where changes to the scope of work are necessary during the course of a job. Typical causes of such change orders include:

- Items that could not have been assessed accurately by the contractor or Grantee staff until walls were opened, access areas added, wiring exposed, etc.
- Items that the client refuses part way through the job.

These items are handled through change orders, according to the following procedures:

- Change orders must be authorized by the Grantee in advance on the IWC. Authorization can be initiated verbally but must ultimately be in writing and signed off by the Grantee and contractor on the IWC Change Order tab.
- Change orders must be comprised of measures on the unit price list, and will be paid at the same rates as the contractor's unit prices.
- If applicable, a new QC checklist may need to be created.
- Exception: If repairs are required beyond the normal installation of items on the unit price list, they are to be completed on a time and materials basis. All weatherization measures not specified on the unit price list will be negotiated with the contractor on a job by job basis (e.g., time and materials) or prices will be requested through a supplemental bid. The Grantee reserves the right to delete any such measure if the price is deemed to be inappropriate.
- Because the contractor may change unit pricing during the course of a job (e.g., if the job starts in one quarter and continues into the next), pricing on change orders are handled as follows:

    - *Deletions* of items in part or whole that existed in the original scope of work will be made using the prices at the time of the bid.
    - *Additions* of items that did not appear on the original scope of work, or additional quantities of existing items, will be made using the unit prices at the time the change order is approved.

In the event of a change order, the Grantee will send out a revised scope of work showing all additions and deletions, including quantities and prices. The contractor will include this revised scope of work along with its final invoice, and all totals must match.

<u>Liquidated Damages for failed inspections, late job completion</u>

The Grantee incurs the cost for repeat inspections and job delays. Therefore, the Grantee may deduct the following from contractor invoices:

- A set amount for each failed inspection. If the work fails again at re-inspection, the Grantee reserves the right to call on another contractor to correct the defects, and not pay the original contractor for the measures that did not pass inspection.
- A set amount per business day that the work is not completed by the deadline specified, unless it is for reasons beyond the contractor's control (e.g., client non-responsiveness or non-cooperation). The contractor must notify the Grantee in advance of any conditions preventing timely completion of work.

Attachment A

<u>Unit Price Lists – NEAT/MHEA Audit Libraries</u>

NEAT Setup Library Measures:

1 Attic Insulation -Blown Cellulose - R-11 Insulation SqFt $0.00
2 Attic Insulation -Blown Cellulose - R-11 Labor SqFt $0.00
3 Attic Insulation -Blown Cellulose - R-11 Other Each Attic $0.00

1 Attic Insulation -Blown Fiberglass - R-11 Insulation SqFt $0.00
2 Attic Insulation -Blown Fiberglass - R-11 Labor SqFt $0.00
3 Attic Insulation -Blown Fiberglass - R-11 Other Each Attic $0.00

1 Attic Insulation -Fiberglass batts - R-11 Insulation SqFt $0.00
2 Attic Insulation -Fiberglass batts - R-11 Labor SqFt $0.00
3 Attic Insulation -Fiberglass batts - R-11 Other Each Attic $0.00

1 Attic Insulation -Blown Cellulose - R-19 Insulation SqFt $0.00
2 Attic Insulation -Blown Cellulose - R-19 Labor SqFt $0.00
3 Attic Insulation -Blown Cellulose - R-19 Other Each Attic $0.00

1 Attic Insulation -Blown Fiberglass - R-19 Insulation SqFt $0.00
2 Attic Insulation -Blown Fiberglass - R-19 Labor SqFt $0.00
3 Attic Insulation -Blown Fiberglass - R-19 Other Each Attic $0.00

1 Attic Insulation -Fiberglass batts - R-19 Insulation SqFt $0.00
2 Attic Insulation -Fiberglass batts - R-19 Labor SqFt $0.00
3 Attic Insulation -Fiberglass batts - R-19 Other Each Attic $0.00

1 Attic Insulation -Blown Cellulose - R-30 Insulation SqFt $0.00
2 Attic Insulation -Blown Cellulose - R-30 Labor SqFt $0.00
3 Attic Insulation -Blown Cellulose - R-30 Other Each Attic $0.00

1 Attic Insulation -Blown Fiberglass - R-30 Insulation SqFt $0.00
2 Attic Insulation -Blown Fiberglass - R-30 Labor SqFt $0.00
3 Attic Insulation -Blown Fiberglass - R-30 Other Each Attic $0.00

1 Attic Insulation -Fiberglass batts - R-30 Insulation SqFt $0.00
2 Attic Insulation -Fiberglass batts - R-30 Labor SqFt $.00
3 Attic Insulation -Fiberglass batts - R-30 Other Each Attic $0.00

1 Attic Insulation -Blown Cellulose - R-38 Insulation SqFt $0.00
2 Attic Insulation -Blown Cellulose - R-38 Labor SqFt $0.00
3 Attic Insulation -Blown Cellulose - R-38 Other Each Attic $0.00

1 Attic Insulation -Blown Fiberglass - R-38 Insulation SqFt $0.00
2 Attic Insulation -Blown Fiberglass - R-38 Labor SqFt $0.00
3 Attic Insulation -Blown Fiberglass - R-38 Other Each Attic $0.00

1 Attic Insulation -Fiberglass batts - R-38 Insulation SqFt $0.00
2 Attic Insulation -Fiberglass batts - R-38 Labor SqFt $0.00
3 Attic Insulation -Fiberglass batts - R-38 Other Each Attic $0.00

1 Attic Insulation -Blown Cellulose - R-49 Insulation SqFt $0.00
2 Attic Insulation -Blown Cellulose - R-49 Labor SqFt $0.00
3 Attic Insulation -Blown Cellulose - R-49 Other Each Attic $0.00

1 Attic Insulation -Blown Fiberglass - R-49 Insulation SqFt $0.00
2 Attic Insulation -Blown Fiberglass - R-49 Labor SqFt $0.00
3 Attic Insulation -Blown Fiberglass - R-49 Other Each Attic $0.00

1 Sill Insulation -Fiberglass Batts - R-19 Insulation SqFt $0.00
2 Sill Insulation -Fiberglass Batts - R-19 Labor SqFt $0.00
3 Sill Insulation -Fiberglass Batts - R-19 Other Each Floo $0.00

1 Sill Insulation -1" Spray foam + R13 F/G -R-20 Insulation SqFt $0.00
2 Sill Insulation -1" Spray foam + R13 F/G - R-20 Labor SqFt $0.00
3 Sill Insulation -1" Spray foam + R13 F/G - R-20 Other Each Floo $0.00
1 Foundation Wall Insulation -Rigid Foam Board - R-12 Insulation SqFt $0.00
2 Foundation Wall Insulation -Rigid Foam Board - R-12 Labor SqFt $0.00
3 Foundation Wall Insulation -Rigid Foam Board - R-12 Other Each Floor $0.00

1 Foundation Wall Insulation -R13 Fiberglass batts Perimeter - R-13 Insulation SqFt $0.00 includes visqueen
2 Foundation Wall Insulation -R13 Fiberglass batts Perimeter - R-13 Labor SqFt $0.00
3 Foundation Wall Insulation -R13 Fiberglass batts Perimeter - R-13 Other Each Floor $0.00

1 Foundation Wall Insulation -R19 Fiberglass batts Perimeter - R-19 Insulation SqFt $0.00 includes visqueen
2 Foundation Wall Insulation -R19 Fiberglass batts Perimeter - R-19 Labor SqFt $0.00

3 Foundation Wall Insulation -R19 Fiberglass batts Perimeter - R-19 Other Each Floor $0.00

1 Floor Insulation -Fiberglass Batts - R-11 Insulation SqFt $0.00
2 Floor Insulation -Fiberglass Batts - R-11 Labor SqFt $0.00
3 Floor Insulation -Fiberglass Batts - R-11 Other Each Floor $0.00

1 Floor Insulation -Spray Foam - R-11 Insulation SqFt $0.00
2 Floor Insulation -Spray Foam - R-11 Labor SqFt $0.00
3 Floor Insulation -Spray Foam - R-11 Other Each Floor $0.00

1 Floor Insulation -Blown Cellulose - R-11 Insulation SqFt $0.00
2 Floor Insulation -Blown Cellulose - R-11 Labor SqFt $0.00
3 Floor Insulation -Blown Cellulose - R-11 Other Each Floo $0.00

1 Floor Insulation -Blown Fiberglass - R-11 Insulation SqFt $0.00
2 Floor Insulation -Blown Fiberglass - R-11 Labor SqFt $0.00
3 Floor Insulation -Blown Fiberglass - R-11 Other Each Floor $0.00

1 Floor Insulation -Fiberglass Batts - R-19 Insulation SqFt $0.00
2 Floor Insulation -Fiberglass Batts - R-19 Labor SqFt $0.00
3 Floor Insulation -Fiberglass Batts - R-19 Other Each Floo $0.00

1 Floor Insulation -Spray Foam - R-19 Insulation SqFt $0.00
2 Floor Insulation -Spray Foam - R-19 Labor SqFt $0.00
3 Floor Insulation -Spray Foam - R-19 Other Each Floo $0.00

1 Floor Insulation -Blown Cellulose - R-19 Insulation SqFt $0.00
2 Floor Insulation -Blown Cellulose - R-19 Labor SqFt $0.00
3 Floor Insulation -Blown Cellulose - R-19 Other Each Floor $0.00

1 Floor Insulation -Blown Fiberglass - R-19 Insulation SqFt $0.00
2 Floor Insulation -Blown Fiberglass - R-19 Labor SqFt $0.00
3 Floor Insulation -Blown Fiberglass - R-19 Other Each Floor $0.00

1 Floor Insulation -Fiberglass Batts - R-30 Insulation SqFt $0.00
2 Floor Insulation -Fiberglass Batts - R-30 Labor SqFt $0.00
3 Floor Insulation -Fiberglass Batts - R-30 Other Each Floor $0.00

1 Floor Insulation -Spray Foam - R-30 Insulation SqFt $0.00
2 Floor Insulation -Spray Foam - R-30 Labor SqFt $0.00
3 Floor Insulation -Spray Foam - R-30 Other Each Floor $0.00

1 Floor Insulation -Blown Cellulose - R-30 Insulation SqFt $0.00
2 Floor Insulation -Blown Cellulose - R-30 Labor SqFt $0.00
3 Floor Insulation -Blown Cellulose - R-30 Other Each Floor $0.00

1 Floor Insulation -Blown Fiberglass - R-30 Insulation SqFt $0.00
2 Floor Insulation -Blown Fiberglass - R-30 Labor SqFt $0.00
3 Floor Insulation -Blown Fiberglass - R-30 Other Each Floor $0.00

1 Floor Insulation -Fiberglass Batts - R-38 Insulation SqFt $0.00
2 Floor Insulation -Fiberglass Batts - R-38 Labor SqFt $0.00
3 Floor Insulation -Fiberglass Batts - R-38 Other Each Floor $0.00

1 Floor Insulation -Spray Foam - R-38 Insulation SqFt $0.00
2 Floor Insulation -Spray Foam - R-38 Labor SqFt $0.00
3 Floor Insulation -Spray Foam - R-38 Other Each Floor $0.00

1 Floor Insulation -Blown Cellulose - R-38 Insulation SqFt $0.00
2 Floor Insulation -Blown Cellulose - R-38 Labor SqFt $0.00
3 Floor Insulation -Blown Cellulose - R-38 Other Each Floor $0.00

1 Floor Insulation -Blown Fiberglass - R-38 Insulation SqFt $0.00
2 Floor Insulation -Blown Fiberglass - R-38 Labor SqFt $0.00
3 Floor Insulation -Blown Fiberglass - R-38 Other Each Floor $0.00

1 Wall Insulation -Blown Cellulose - 2x4 Filled Insulation SqFt $0.00
2 Wall Insulation -Blown Cellulose - 2x4 Filled Labor SqFt $0.00
3 Wall Insulation -Blown Cellulose - 2x4 Filled Other Each Wall $0.00

1 Wall Insulation -Blown Fiberglass - 2x4 Filled Insulation SqFt $0.00
2 Wall Insulation -Blown Fiberglass - 2x4 Filled Labor SqFt $0.00
3 Wall Insulation -Blown Fiberglass - 2x4 Filled Other Each Wall $0.00

1 Wall Insulation -Injection Foam - 2x4 Filled Insulation SqFt $0.00
2 Wall Insulation -Injection Foam - 2x4 Filled Labor SqFt $0.00
3 Wall Insulation -Injection Foam - 2x4 Filled Other Each Wall $0.00

1 Wall Insulation -Fiberglass Batts - 2x4 Filled Insulation SqFt $0.00
2 Wall Insulation -Fiberglass Batts - 2x4 Filled Labor SqFt $0.00
3 Wall Insulation -Fiberglass Batts - 2x4 Filled Other Each Wall $0.00

1 Wall Insulation -Core Fill - R-11.27 Insulation SqFt $0.00
2 Wall Insulation -Core Fill - R-11.27 Labor SqFt $0.00
3 Wall Insulation -Core Fill - R-11.27 Other Each Wall $0.00

1 Wall Insulation -Spray Foam - 3" - 2x4 Filled Insulation SqFt $0.00
2 Wall Insulation -Spray Foam - 3" - 2x4 Filled Labor SqFt $0.00
3 Wall Insulation -Spray Foam - 3" - 2x4 Filled Other Each Wall $0.00

1 Kneewall Insulation -Fiberglass Batts - R-13 Insulation SqFt $0.00

2 Kneewall Insulation -Fiberglass Batts - R-13 Labor SqFt $0.00
3 Kneewall Insulation -Fiberglass Batts - R-13 Other Each Wall $0.00

1 Kneewall Insulation -Fiberglass Batts - R-19 Insulation SqFt $0.00
2 Kneewall Insulation -Fiberglass Batts - R-19 Labor SqFt $0.00
3 Kneewall Insulation -Fiberglass Batts - R-19 Other Each Wall $0.00

1 Kneewall Insulation -Spray Foam - R-14 Insulation SqFt $0.00
2 Kneewall Insulation -Spray Foam - R-14 Labor SqFt $0.00
3 Kneewall Insulation -Spray Foam - R-14 Other Each Wall $0.00

1 Duct Insulation Insulation SqFt $0.00
2 Duct Insulation Labor SqFt $0.00
3 Duct Insulation Other Each $0.00

1 Window Sealing Windows Each Win $0.00
2 Window Sealing Labor Each Win $0.00
3 Window Sealing Other Each Win $0.00

1 Storm Window Windows SqFt $0.00
2 Storm Window Labor SqFt $0.00
3 Storm Window Other Each Win $0.00

1 Window Replacement Windows SqFt $0.00
2 Window Replacement Labor SqFt $0.00
3 Window Replacement Other Each Win $0.00

1 Low E Window Windows SqFt $0.00
2 Low E Window Labor SqFt $0.00
3 Low E Window Other Each Win $0.00

1 Furnace Tuneup Heating Equipment Each $0.00
2 Furnace Tuneup Labor Each $0.00
3 Furnace Tuneup Other Each $0.00

1 Smart Thermostat Heating Equipment Each $0.00
2 Smart Thermostat Labor Each $0.00
3 Smart Thermostat Other Each $0.00

1 Compact Fl. -5 Watt Lighting Each Lamp $0.00
2 Compact Fl. -5 Watt Labor Each Lamp $0.00
3 Compact Fl. -5 Watt Other Each Lamp $0.00

1 Compact Fl. -7 Watt Lighting Each Lamp $0.00
2 Compact Fl. -7 Watt Labor Each Lamp $0.00
3 Compact Fl. -7 Watt Other Each Lamp $0.00

1 Compact Fl. -9 Watt Lighting Each Lamp $0.00
2 Compact Fl. -9 Watt Labor Each Lamp $0.00
3 Compact Fl. -9 Watt Other Each Lamp $0.00

1 Compact Fl. -13 Watt Lighting Each Lamp $0.00
2 Compact Fl. -13 Watt Labor Each Lamp $0.00
3 Compact Fl. -13 Watt Other Each Lamp $0.00

1 Compact Fl. -18 Watt Lighting Each Lamp $0.00
2 Compact Fl. -18 Watt Labor Each Lamp $0.00
3 Compact Fl. -18 Watt Other Each Lamp $0.00

1 Compact Fl. -25 Watt Lighting Each Lamp $0.00
2 Compact Fl. -25 Watt Labor Each Lamp $0.00
3 Compact Fl. -25 Watt Other Each Lamp $0.00

1 Compact Fl. -26 Watt Lighting Each Lamp $0.00
2 Compact Fl. -26 Watt Labor Each Lamp $0.00
3 Compact Fl. -26 Watt Other Each Lamp $0.00

1 Compact Fl. -38 Watt Lighting Each Lamp $0.00
2 Compact Fl. -38 Watt Labor Each Lamp $0.00
3 Compact Fl. -38 Watt Other Each Lamp $0.00

1 Compact Fl. -11 Watt Flood Lighting Each Lamp $0.00
2 Compact Fl. -11 Watt Flood Labor Each Lamp $0.00
3 Compact Fl. -11 Watt Flood Other Each Lamp $0.00

1 Compact Fl. -15 Watt Flood Lighting Each Lamp $0.00
2 Compact Fl. -15 Watt Flood Labor Each Lamp $0.00
3 Compact Fl. -15 Watt Flood Other Each Lamp $0.00

1 Compact Fl. -18 Watt Flood Lighting Each Lamp $0.00
2 Compact Fl. -18 Watt Flood Labor Each Lamp $0.00
3 Compact Fl. -18 Watt Flood Other Each Lamp $0.00

MHEA Setup Library Measures:

1 Duct sealing (setup cost) Insulation Each $0.00

1 Wall Insulation -Faced Batt - R-13 Insulation SqFt $0.00
2 Wall Insulation -Faced Batt - R-13 Labor SqFt $0.00
3 Wall Insulation -Faced Batt - R-13 Other Each $0.00

1 Wall Insulation -Celluls,Blwn Insulation Bag $0.00

2 Wall Insulation -Celluls,Blwn Labor Bag $0.00
3 Wall Insulation -Celluls,Blwn Other Each $0.00

1 Wall Insulation -Fbergls,Blwn Insulation Bag $0.00
2 Wall Insulation -Fbergls,Blwn Labor Bag $0.00
3 Wall Insulation -Fbergls,Blwn Other Each $0.00

1 Floor Insulation -Celluls,Blwn Insulation Bag $0.00
2 Floor Insulation -Celluls,Blwn Labor Bag $0.00
3 Floor Insulation -Celluls,Blwn Other Each $0.00

1 Floor Insulation -Fbergls,Blwn Insulation Bag $0.00
2 Floor Insulation -Fbergls,Blwn Labor Bag $0.00
3 Floor Insulation -Fbergls,Blwn Other Each $0.0

1 Roof Insulation -Celluls,Blwn Insulation Bag $0.00
2 Roof Insulation -Celluls,Blwn Labor Bag $0.00
3 Roof Insulation -Celluls,Blwn Other Each $0.00

1 Roof Insulation -Fbergls,Blwn Insulation Bag $0.00
2 Roof Insulation -Fbergls,Blwn Labor Bag $0.00
3 Roof Insulation -Fbergls,Blwn Other Each $0.00

1 Replacement doors Doors Each $0.00
2 Replacement doors Labor Each $0.00
3 Replacement doors Other Each $0.00

1 Storm doors Doors Each $0.00 combo
2 Storm doors Labor Each $0.00
3 Storm doors Other Each $0.00

1 Window Sealing Windows Each Win $0.00
2 Window Sealing Labor Each Win $0.00
3 Window Sealing Other Each Win $0.00

1 Replacement windows Windows United Inc $0.00
2 Replacement windows Labor United Inc $0.00
3 Replacement windows Other Each $0.00

1 Plastic storm windows Windows SqFt $0.00
2 Plastic storm windows Labor SqFt $0.00
3 Plastic storm windows Other Each $0.00

1 Glass storm windows Windows SqFt $0.00
2 Glass storm windows Labor SqFt $0.00

3 Glass storm windows Other Each $0.00

1 Setback thermostat Heating Equipment Each $0.00
2 Setback thermostat Labor Each $0.00
3 Setback thermostat Other Each $0.00

1 Heating system tune up Heating Equipment Each $0.00
2 Heating system tune up Labor Each $0.00
3 Heating system tune up Other Each $0.00

1 Compact Fl. -5 Watt Lighting Each $0.00
2 Compact Fl. -5 Watt Labor Each $0.00
3 Compact Fl. -5 Watt Other Each $0.00

1 Compact Fl. -7 Watt Lighting Each $0.00
2 Compact Fl. -7 Watt Labor Each $0.00
3 Compact Fl. -7 Watt Other Each $0.00

1 Compact Fl. -9 Watt Lighting Each $.00
2 Compact Fl. -9 Watt Labor Each $0.00
3 Compact Fl. -9 Watt Other Each $0.00

1 Compact Fl. -13 Watt Lighting Each $0.00
2 Compact Fl. -13 Watt Labor Each $0.00
3 Compact Fl. -13 Watt Other Each $0.00

1 Compact Fl. -18 Watt Lighting Each $0.00
2 Compact Fl. -18 Watt Labor Each $0.00
3 Compact Fl. -18 Watt Other Each $0.00

1 Compact Fl. -25 Watt Lighting Each $0.00
2 Compact Fl. -25 Watt Labor Each $0.00
3 Compact Fl. -25 Watt Other Each $0.00

1 Compact Fl. -26 Watt Lighting Each $0.00
2 Compact Fl. -26 Watt Labor Each $0.00
3 Compact Fl. -26 Watt Other Each $0.00
1 Compact Fl. -38 Watt Lighting Each $0.00
2 Compact Fl. -38 Watt Labor Each $0.00
3 Compact Fl. -38 Watt Other Each $0.00

1 Compact Fl. -11 Watt Flood Lighting Each $0.00
2 Compact Fl. -11 Watt Flood Labor Each $0.00
3 Compact Fl. -11 Watt Flood Other Each $0.00

1 Compact Fl. -15 Watt Flood Lighting Each $0.00

2 Compact Fl. -15 Watt Flood Labor Each $0.00
3 Compact Fl. -15 Watt Flood Other Each $0.00

1 Compact Fl. -18 Watt Flood Lighting Each $0.00
2 Compact Fl. -18 Watt Flood Labor Each $0.00
3 Compact Fl. -18 Watt Flood Other Each $0.00

Health and Safety Measures
1 Smoke Detector Each $0.00
2 Smoke Detector Labor Each $0.00
3 Smoke Detector Other Each $0.00

1 Dryer Hood Each $0.00
2 Dryer Hood Labor Each $0.00
3 Dryer Hood Other Each $0.00

1 Dryer Flex Duct Each $0.00
2 Dryer Flex Duct Labor Each $0.00
3 Dryer Flex Duct Other Each $0.00

1 Dryer Rigid Duct Each $0.00
2 Dryer Rigid Duct Labor Each $0.00
3 Dryer Rigid Duct Other Each $0.00

1 CO Monitor/Detector Each $0.00
2 CO Monitor/Detector Labor Each $0.00
3 CO Monitor/Detector Other Each $0.00

Hourly Labor Rate: $0.00

REFERENCES

- Office of Management and Budget Uniform Guidance 2 CFR Part 200 and Appendices (200.320)
- Uniform Grant Management Common Rule
- 10 CFR Part 600 (Financial Assistance Rule)

PURPOSE

In case of any conflict between the OMB Circulars or federal laws and state laws involving federal funds, the federal law or OMB Circulars will prevail.

POLICY

CAAs must use their own documented procurement procedures which reflect applicable state and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in the OMB Circular. CAAs must also maintain written standards of conduct covering conflicts of interest.

General Procurement Standards

- CAAs should avoid purchasing unnecessary or duplicative items.
- CAAs should conduct a lease versus purchase analysis where appropriate.
- All procurements of $3,000 and greater require documentation verifying that the purchase price is fair and reasonable using price analysis.
- CAAs are encouraged to enter into state and local intergovernmental or inter-entity agreements for procurement and use of common or shared goods or services.
- CAAs are encouraged to use Federal excess and surplus property.
- CAAs should award contracts to responsible contractors. Consider integrity, compliance with public policy, records of past performance and financial and technical resources.
- CAAs must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.

Note: A labor surplus area is defined by the U.S. Department of Labor as generally an area with an annual unemployment rate 20% or more above the average annual unemployment rate for all states.

- If the non-Federal entity has a parent, affiliate, or subsidiary organization that is not a state, local government, or Indian tribe, must also maintain written standards of conduct covering organizational conflicts of interest. Organizational conflicts of interest means that because of relationships with a parent company, affiliate, or subsidiary organization, the non-Federal entity is unable or appears to be unable to be impartial in conducting a procurement action involving a related organization.

- CAAs must maintain records with rationale for the method of procurement, selection of contract type and selection, and basis for price.

Competition

All procurement transactions must:

- Be conducted in a manner providing full and open competition.
- Prohibit the use of geographical preference, except where applicable Federal statutes expressly encourage geographic preference.
- Follow written procedures.

Methods of Procurement

1. Micro Purchase:

   a. Aggregate dollar amount per purchase does not exceed $3,000.

   b. To the extent possible, the CAA must distribute micro-purchases equitably among qualified suppliers.

   c. May be awarded without soliciting competitive quotes if the price is reasonable.

2. Small purchase procedures:

   a. This procedure may be used only on those services, supplies, or equipment that do not cost more than the Simplified Acquisition Threshold (currently $150,000) or less.

b. CAA must establish a clear, accurate description of the specifications for the technical requirements of the material, equipment, or services to be procured; and

c. CAA must obtain a written price or documented rate quotation from an adequate number of qualified sources. An adequate number is, at a minimum, three different sources.

3. Sealed bids:

a. This procedure may be used only on those services, supplies, or equipment that exceeds the Simplified Acquisition Threshold (currently $150,000) to publicly solicit and award a firm fixed price.

b. CAA must make complete, adequate, and realistic specifications available.

c. Two or more responsible bidders must exist.

d. CAA must formally advertise, for a minimum of three (3) days, in newspapers or through notices posted in public buildings throughout the service area. Advertising beyond the CAA's service area is allowable. The advertisement should include, at a minimum, a response time of fourteen (14) days prior to the closing date of the bid request. Cities and counties must comply with the statutorily imposed publication requirements in addition to those requirements stated herein; and

e. When advertising for material or labor services, CAA shall indicate a period for which the materials or services are sought (e.g. for a one-year contract with an option to renew for an additional two (2) years). This advertised time period shall determine the length of time which may elapse before re-advertising for services, except that advertising for labor services must occur at least every five (5) years.

f. Bids must be publicly opened at the time and place prescribed in the invitation for bids.

g. A firm fixed price contract **must** be awarded in writing to the **lowest responsive** and **responsible bidder.**

4. Competitive proposals:

a. This procedure may be used only on those services, supplies, or equipment that exceeds the Simplified Acquisition Threshold (currently $150,000) to publicly solicit and award a cost reimbursement or a fixed price.

b. Request for Proposal (RFP) must be publicized. The preferred method of advertising is the local service area newspapers. This advertisement should, at a minimum, allow fourteen (14) calendar days before the RFP is due. The due date must be stated in the advertisement; and

c. The time period for services may be one year, plus two (2) additional years at a maximum.

d. Proposals must be solicited from an adequate number of qualified sources. An adequate number is, at a minimum, three different sources.

d. CAA must have a written method for conducting evaluations of the proposals and for selecting vendors.

e. Contracts must be awarded based on price and other factors to the responsible party whose proposal is most advantageous to the program.

5. Non-competitive proposals (Sole Source):

a. The service, supply, or equipment is available only from a single source; **NOTE:** Agency must be able to prove this.

b. A public emergency exists in which a delay could result in harmful outcomes, preventing the time required for competitive solicitation;

c. BCAEO authorizes noncompetitive proposals in response to a written request from the Grantee.

d. After solicitation of a number of sources, competition is determined inadequate (only one proposal).

Note: Sole source contracts should be negotiated to the extent that such negotiation is possible. Agency must be able to prove sole source justification.

Contract Provisions

The following provisions or conditions are required and shall be included in procurement contracts or subcontracts:

1. Contracts in excess of $25,000 shall include contractual provisions or conditions that allow for administrative, contractual, or legal remedies in instances where subcontractors violate or breach the contract terms, and provide for such remedial actions as may be appropriate;

2. All contracts in excess of $25,000 shall include suitable provisions for termination by the recipient, including the manner by which termination shall be effected and the basis for settlement. In addition, such contracts shall describe conditions under which the contract may be terminated for default as well as conditions where the contract may be terminated because of circumstances beyond the control of the CAA;

3. Contracts shall include a provision with regard to independent subcontractor status to hold harmless and indemnify CAA from and against any and all claims, demands and course of action asserted by any third party arising out of or in connection with the services to be performed under contract;

4. Contracts shall include a provision regarding conflict of interest. CAA's employees, officers, and/or agents shall neither solicit nor accept gratuities, favors, or anything of monetary value from subcontractors, or potential subcontractors; and

5. Contracts shall include a provision to prevent fraud and abuse.

    a. CAA shall establish, maintain, and utilize internal control systems and procedures sufficient to prevent, detect, and correct incidents of waste, fraud, and abuse in all BCAEO funded programs and to provide for the proper and effective management of all program and fiscal activities funded by this contract. CAA's internal control systems and all transactions and other significant events must be clearly documented and the documentation made readily available for review by BCAEO.

    b. CAA shall give BCAEO complete access to all of its records, employees, and agents for the purpose of monitoring or investigating the program. CAA shall fully cooperate with BCAEO's efforts to detect, investigate, and prevent waste,

fraud, and abuse. CAA shall immediately notify the BCAEO of any identified instances of waste, fraud, or abuse.

c. BCAEO will notify the funding source upon identification of possible instances of waste, fraud, and abuse or other serious deficiencies.

d. CAA may not discriminate against any employee or other person who reports a violation of the terms of this contract or of any law or regulation to BCAEO or to any appropriate law enforcement authority, if the report is made in good faith.

6. Contracts shall include a provision to the effect that any alterations, additions, or deletions to the terms of the contract which are required by changes in federal law and regulations or state statute are automatically incorporated into the contract without written amendment hereto, and shall become effective on the date designated by such law and or regulation; and any alterations, additions, or deletions to the terms of the contract shall be amended hereto in writing and executed by both parties to the contract.

7. Contracts shall include the following provision assuring legal authority to sign the contract.

   a. Subcontractor represents that it possesses the practical ability and the legal authority to enter into the contract, receive and manage the funds authorized by the contract and to perform the services subcontractor has obligated itself to perform under the contract.

   b. The person signing the contract on behalf of the subcontractor warrants that he/she has been authorized by the subcontractor to execute the contract on behalf of the subcontractor and to bind the subcontractor to all terms set forth in the contract.

   c. BCAEO shall have the right to suspend or terminate the contract if there is a dispute as the legal authority of either the subcontractor or the person signing the contract to enter into the contract or to render performances thereunder. Should such suspension or termination occur, the subcontractor is liable to the CAA for any money it has received for performance of provisions of the contract.

8. Contracts shall include scope of service (deliverables), timeline, budget, etc. **NOTE:** BCAEO monitors will request supporting documents showing deliverables were met.

9. Contracts shall include any other provisions as required in BCAEO Agreements.

Best Practices

- Determine how proposers will be scored before the RFP is issued.
  – Significant factors:
  - Expertise and knowledge of your industry
  - Demonstrated experience
  - Methodology for accomplishing goals of project
  - Ability to meet timelines
  - Minority, small, women-owned business, labor surplus area if applicable
  - Cost
- Document procurement decisions
- Maintain a file that includes
  - Scoring grids
  - List of people who participated in the decision
  - Contract with vendor