

400 Series

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- 401.2 Expenditure Reports – DOE Weatherization Assistance Program
- 401.3 Expenditure Reports – Low Income Home Energy Assistance Program
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Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORTS FOR COMMUNITY SERVICES BLOCK GRANT (CSBG) FUNDS		EFFECTIVE DATE 09-01-09 ISSUE DATE 09-01-09

REFERENCES:

- CSBG Annual Grant Agreements
- CSBG ARRA Grant Agreements (Stimulus Funds)
- CSBG Contract Agreements funded with CSBG Discretionary Funds
 - Example Contracts Include: CSBG-D (Discretionary funds), CSBG-M (Migrant funds), CSBG-T (EITC/Tax Preparation Assistance funds) and CSBG-N (Native American funds).
- CSPM Item 402.1 – CSBG: Definition of Cost Categories

POLICY:

The Grantee/Contractor shall submit a monthly Statement of Expenditures (SOE). The SOE shall accurately indicate actual expenditures incurred, broken out by category of expense, in the performance of the Grant/Contract for the period being billed. (See Item 402.1 for definitions of the cost categories.)

The SOE shall be submitted to the Department of Human Services (DHS) within thirty (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 and closing deadlines. In no event, shall DHS make a payment to the Grantee/Contractor for billings submitted more than 90 days after the end of a billing period. Obligations incurred prior to or after the period covered by the Grant/Contract shall be excluded from the monthly billing.

The Grantee/Contractor shall utilize the following SOE form (in excel format) for the respective Grant/Contract type:

- DHS-1070A (08-2009) - For CSBG Annual Grants.
- DHS-1070S (09-2009) - For ARRA Grants (Stimulus Funds).
- DHS-1070 (08-2009) - For CSBG Contracts funded with CSBG Discretionary Funds.

The SOE shall be submitted, with an original signature and two copies, to:

Department of Human Services
 Bureau of Community Action & Economic Opportunity
 PO Box 30037
 Grand Tower, Suite 1314
 235 South Grand Avenue
 Lansing, Michigan 48909

CSBG (ARRA) Stimulus Funds Statement of Expenditures (SOE) MICHIGAN DEPARTMENT OF HUMAN SERVICES	DHS receipt date (for DHS use only)	1. Grant number (Under CSBG-09) CSBG-S-09-	2. Report Month/Year
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SECTION I - Complete for All Submittals

3. Grantee Name					4. Grant Period				
					Begin (Mo/Yr)		End (Mo/Yr)		
					04/01/09		09/30/2010		
5. Appropriation Year	6. Index Code	7. P.C.A.	8. Agency Code	9. Agency Object Code	10. F.E. Number	11. Mail Code			
2009	11500	82382	N/A	6325					

SECTION II - Bill Type Original Revised Final Estimated Other(Explain)

SECTION III - CATEGORY OF EXPENDITURES **Section IV - EXPENDITURE REPORT**

LINE ITEM CATEGORY (1)	TOTAL PLANNED EXPENDITURES (2)	PREVIOUS REPORTED EXPENSES (3)	EXPENSES THIS PERIOD (4)	EXPENSES TO DATE (5)	PLAN BALANCE (6)	Previous Reported Expenses (1) 0.00	Expenses this Period (2) 0.00	Expenses to Date (3) 0.00
Salaries				0.00	0.00			
Fringe Benefits				0.00	0.00			
Occupancy / Space				0.00	0.00	Section V - DHS Approval		
Communication				0.00	0.00	1. Contract Administrator Signature		Approval Date
Supplies				0.00	0.00			
Equipment				0.00	0.00	2. Authorized DHS Approval (PAL)		Approval Date
Travel / Local Transportation				0.00	0.00			
Contractual Services				0.00	0.00	3. Authorized DHS Approval (PAL)		Approval Date
Specific Assistance To Individuals				0.00	0.00			
Miscellaneous				0.00	0.00	4. Authorized DHS Approval (PAL) PRINTED		
Total	0.00	0.00	0.00	0.00	0.00			

(8) I certify that I am authorized to sign on behalf of the local agency and that this is a correct statement of expenditures for the report period identified above. Appropriate documentation is available and will be maintained for the required period to support the reported costs.	(7) Expenditures by Activity		Section IV - DHS NOTES:
	Admin		
	Direct Program		
	TOTAL	0.00	

Grantee Signature	Title	Date		AUTHORITY: P.L. 97-35 OF 1981 COMPLETION: Mandatory PENALTY: No Reimbursement
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CSBG GRANT - Monthly Program Report and Statement of Expenditures MICHIGAN DEPARTMENT OF HUMAN SERVICES	DHS receipt date (for DHS use only)	1. Grant number CSBG-	2. Report Month/Year
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SECTION I - Complete for All Submittals

3. Grantee Name					4. Grant Period Begin (Mo/Yr) End (Mo/Yr)		
5. Appropriation Year	6. Index Code 11500	7. P.C.A. 81105	8. Agency Code N/A	9. Agency Object Code 6325	10. F.E. Number	11. Mail Code	

SECTION II - Bill Type Original Revised Final Estimated Other (Explain)

SECTION III - PROGRAM REPORT **Section IV - EXPENDITURE REPORT**

LINE ITEM CATEGORY (1)	TOTAL PLANNED EXPENDITURES (2)	PREVIOUS REPORTED EXPENSES (3)	EXPENSES THIS PERIOD (4)	EXPENSES TO DATE (5)	PLAN BALANCE (6)	Previous Reported Expenses (1) 0.00	Expenses this Period (2) 0.00	Expenses to Date (3) 0.00
Salaries				0.00	0.00			
Fringe Benefits				0.00	0.00			
Occupancy / Space				0.00	0.00	Section V - DHS Approval		
Communication				0.00	0.00	1. Contract Administrator Signature		Approval Date
Supplies				0.00	0.00	2. Authorized DHS Approval (PAL)		Approval Date
Equipment				0.00	0.00	3. Authorized DHS Apprval (PAL)		Approval Date
Travel / Local Transportation				0.00	0.00	4. Authorized DHS Approval (PAL) PRINTED		
Contractual Services				0.00	0.00			
Specific Assistance To Individuals				0.00	0.00			
Miscellaneous				0.00	0.00			
Total	0.00	0.00	0.00	0.00	0.00			

(8) I certify that I am authorized to sign on behalf of the local agency and that this is a correct statement of expenditures for the report period identified above. Appropriate documentation is available and will be maintained for the required period to support the reported costs.	(7) Expenditures by Activity <table style="width:100%; border-collapse: collapse;"> <tr><td style="width:50%;">Admin</td><td style="width:50%;"></td></tr> <tr><td>Direct Pro.</td><td></td></tr> <tr><td>T/TA-\$3,000</td><td></td></tr> <tr><td>T/TA-\$7,000</td><td></td></tr> <tr><td>TOTAL</td><td style="text-align:right">0.00</td></tr> </table>	Admin		Direct Pro.		T/TA-\$3,000		T/TA-\$7,000		TOTAL	0.00	Section IV - DHS NOTES:
Admin												
Direct Pro.												
T/TA-\$3,000												
T/TA-\$7,000												
TOTAL	0.00											

Grantee Signature	Title	Date		AUTHORITY: P.L. 97-35 OF 1981 COMPLETION: Mandatory PENALTY: No Reimbursement
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STATEMENT OF EXPENDITURES (SOE) For CSBG Discretionary Funded Contracts MICHIGAN DEPARTMENT OF HUMAN SERVICES	DHS Receipt Date (for DHS use only)	1. Contract Number CSBG-	2. Report Month/Year
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SECTION I - Complete for All Submittals

3. Subgrantee Name					4. Grant Period Begin (Mo/Yr) _____ End (Mo/Yr) _____	
5. Appropriation Year	6. Index Code 11500	7. P.C.A.	8. Agency Code N/A	9. Agency Object Code 6325	10. F.E. Number	11. Mail Code

SECTION II - Bill Type Original Revised Final Estimated Other - Explain

SECTION III - REPORTED EXPENDITURES

BUDGET LINE ITEM (1)	STATE SHARE				MATCH SHARE			TOTAL EXPENSES (9)
	APPROVED BUDGET (2)	PREVIOUSLY REPORTED EXPENSES (3)	EXPENSES THIS PERIOD (4)	EXPENSES TO DATE (5)	BUDGET BALANCE (6)	EXPENSES THIS PERIOD (7)	EXPENSES TO DATE (8)	
Salaries				0.00	0.00			0.00
Fringe Benefits				0.00	0.00			0.00
Occupancy / Space				0.00	0.00			0.00
Communication				0.00	0.00			0.00
Supplies				0.00	0.00			0.00
Equipment				0.00	0.00			0.00
Travel / Local Transportation				0.00	0.00			0.00
Contractual Services				0.00	0.00			0.00
Specific Assistance To Individuals				0.00	0.00			0.00
Miscellaneous				0.00	0.00			0.00
Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	(10) Expenditures by Activity		
	Admin		Section IV - DHS Approval 1. Contract Administrator Signature - Approval Date 2. Authorized DHS Approval (PAL) - Approval Date 3. Authroized DHS Approval (PAL) PRINTED
	Direct Program		
	TOTAL	0.00	

<p>(11) I certify that I am authorized to sign on behalf of the local agency and that this is a correct statement of expenditures for the report period identified above. Appropriate documentation is available and will be maintained for the required period to support the reported costs.</p>	
Grantee Signature _____ Title _____ Date _____	AUTHORITY: P.L. 97-35 OF 1981 COMPLETION: Mandatory PENALTY: No Reimbursement

MICHIGAN DEPARTMENT OF HUMAN SERVICES		Item 401.2	Page 1 of 4
Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORTS DOE WEATHERIZATION ASSISTANCE PROGRAM		EFFECTIVE DATE 06-01-08 ISSUE DATE 05-28-08

BACKGROUND:

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

POLICY:

The Grantee is required to submit a monthly Statement of Expenditures, DHS-4326-DOE, to the Department. The DHS-4326-DOE 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.

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. See Item 202 for forms DHS-4326-DOE and DHS-4326-A.

Note: Completion of the Weatherization Assistance Program Monthly Programmatic Report, DHS-1071, is directly linked to the accurate completion of the DHS-4326-DOE Statement of Expenditures. Failure to submit the DHS-1071 in a timely manner may result in delays in processing the DHS-4326-DOE. See Item 602 for DHS-1071 instructions.

DHS-4326-A, Weatherization Assistance Vehicle Purchase

The DHS-4326-A is an Excel formatted form. It is the first tab of the DHS-4326-DOE, Statement of Expenditures.

Section I: Use this section of the form to report all vehicles purchased.

Section II: Use this section of the form to report the total purchase price paid in the current program year and the amortization schedule of all vehicles. The information entered will pre-fill the appropriate sections of each of the DHS-4326-DOE monthly tabs.

Purchase Amount Paid in PY08: Enter the total purchase amount paid for each vehicle.

Number of Years of Amortization: Enter the number of years of amortization. The monthly amortization amount will be calculated automatically.

Number of Months Amortized since purchase: This information is only completed if you purchased a vehicle in a previous program year and started the amortization

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Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORTS DOE WEATHERIZATION ASSISTANCE PROGRAM		EFFECTIVE DATE 06-01-08 ISSUE DATE 05-28-08

schedule then. Enter the number of months amortized since the original purchase. The amount amortized since purchase and the unamortized amount beginning with PY08 will be calculated automatically.

Amortization Schedule: For current program year vehicle purchases, answer “Yes” in the first cell following the month the vehicle purchase was made.

Example: If the vehicle was purchased in May 2008, enter “Yes” in the cell to the right of 08-May. The amortization schedule will be calculated automatically.

For previous program year vehicle purchases that are being amortized, answer “Yes” in the 08-Apr cell. The amortization schedule will be calculated automatically.

DHS-4326-DOE, Statement of Expenditures

The DHS-4326-DOE is an Excel formatted form. The DHS-4326-DOE begins with the April 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 should only change as a result of a contract amendment or a DHS-approved line item transfer request.

Note: When purchasing a vehicle, the cost of the vehicle is billed in the “Support” budget category. The vehicle cost is billed in the month the payment is made.

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 Health and Safety Cost: Enter the total health and safety expenditures program year to date. Enter the total number of ALL completed units, including units not receiving health and safety measures. The form automatically divides the total program year-to-date health and safety expenditures by total units completed PYTD.

Section VI, Total Repair Cost: Enter the total program year-to-date repair cost.

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Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORTS DOE WEATHERIZATION ASSISTANCE PROGRAM		EFFECTIVE DATE 06-01-08 ISSUE DATE 05-28-08

Section VII, Average Cost per Unit:

1. **Total Labor/Materials plus Support:** This amount will be pre-filled from figures in Section III.
2. **Total Vehicles Expenditures PYTD Cost:** If the Grantee chooses to amortize the cost of the vehicle, the total vehicle purchase amount paid in the current program year is pre-filled here from amounts entered on the DHS-4326-A tab. Amortizing allows the Grantee to spread the cost of the vehicle purchase over the life of the vehicle, reducing the impact to the average cost per unit.

 Note: If, when the cost of the vehicle is included in support and the Grantee's average cost per unit remains under the allowable limit, DHS encourages the Grantee not to amortize.
3. **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.
4. **Health & Safety:** This amount will be pre-filled from information entered in Section V. 1.
5. **Total Cost:** This amount will be calculated automatically.
6. **Total Completed Units:** This number will be pre-filled from the number entered in Section V. 2.
7. The average cost per unit will be calculated automatically.

The DHS-4326-DOE, 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 the Department for that billing period unless an exception is specifically authorized by the Department director or delegated representative. In no event, will the Department make a payment to the Grantee for billings submitted more than 90 days after the end of a billing period.

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Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORTS DOE WEATHERIZATION ASSISTANCE PROGRAM		EFFECTIVE DATE 06-01-08 ISSUE DATE 05-28-08

The Grantee will submit:

- One DHS-4326-DOE electronically to the DHS grant manager and
- One DHS-4326-DOE, and one DHS-4326-A if needed, with original signature(s) and two copies to:

Department of Human Services
 Bureau of Community Action and Economic Opportunity
 Grand Tower, Suite 1314
 P.O. Box 30037
 235 South Grand Avenue
 Lansing, Michigan 48909

MICHIGAN DEPARTMENT OF HUMAN SERVICES		Item 401.3	Page 1 of 2
Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORT LOW INCOME HOME ENERGY ASSISTANCE PROGRAM		EFFECTIVE DATE 06-01-08 ISSUE DATE 05-29-08

BACKGROUND:

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

POLICY:

The Grantee is required to submit a monthly Statement of Expenditures, DHS-4326-LIHEAP, to the Department. The LIHEAP Statement of Expenditures 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 402.3 for definitions of cost categories on the form.

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

The DHS-4326-LIHEAP is an Excel formatted form. The DHS-4326-LIHEAP begins with the April 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 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 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.

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Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORT LOW INCOME HOME ENERGY ASSISTANCE PROGRAM		EFFECTIVE DATE 06-01-08 ISSUE DATE 05-29-08

The DHS-4326-LIHEAP will 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 the Department for that billing period unless an exception is specifically authorized by the Department director or delegated representative. In no event, will the Department make a payment to the Grantee for billings submitted more than 90 days after the end of a billing period.

The Grantee will submit:

- One DHS-4326-LIHEAP electronically to the DHS grant manager, and
- One DHS-4326-DOE, with original signature(s) and two copies to:

Department of Human Services
 Bureau of Community Action and Economic Opportunity
 Grand Tower, Suite 1314
 P.O. Box 30037
 235 South Grand Avenue
 Lansing, Michigan 48909

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Community Services Policy Manual	SUBJECT: Financial Administration EXPENDITURE REPORT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES FUNDS	EFFECTIVE DATE 10-01-07 ISSUE DATE 11-16-07

REFERENCES:

Temporary Assistance to Needy Families (TANF) Agreement

BACKGROUND:

The Temporary Assistance to Needy Families (TANF) Agreement, Section II. H., requires the submission of a monthly expenditure report.

POLICY:

The Grantee is required to submit a monthly TANF-Statement of Expenditures, DHS-3470, to DHS. The DHS-3470 will identify actual expenditures incurred by category of expense in the performance of the program for the period being billed. The DHS-3470 is included at the end of this item and included in Item 202, Forms.

The DHS-3470 will 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 for 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.

The Grantee will submit one original DHS-3470 with two copies to:

Bureau of Community Action and Economic Opportunity
 Department of Human Services
 PO Box 30037
 Grand Tower, Suite 1314
 Lansing, MI 48909

Instructions for Completing DHS-3470, TANF Statement of Expenditures

Section I and II are self-explanatory.

Section III-Admin vs. Non-Admin by line item

The administrative costs are those occurring by the general management of the program and do not relate directly to specific assistance to individuals.

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Community Services Policy Manual	SUBJECT: Financial Administration EXPENDITURE REPORT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES FUNDS		EFFECTIVE DATE 10-01-07 ISSUE DATE 11-16-07

Non-administrative expenses are those that are related to directly providing specific assistance to individuals. For example, a counselor's salary and fringes for the period of time spent delivering specific assistance to an individual would be non administrative. Communications, supplies, equipment, transportation, and occupancy directly related to the delivery of specific assistance to individuals are non-administrative.

Note: An agency will most likely have expenditures in both Admin and Non-Admin columns.

The last column collects the TOTAL amount expended Year-To-Date.

Section IV-Clients, Service Category and Costs

These costs are the total of the line items broken down by each category of service. All costs for salary, fringes, occupancy, communication, supplies, transportation, contractual services and specific assistance to individuals are to be totaled for each category of service.

The total in Section III non-administrative YTD should match the total of Expenditures YTD in Section IV.

Type of Service

Emergency: Non-recurrent, short term benefits that are designed to deal with a specific crisis situation or episode of need.

Case Management: An organized set of activities or services following a goal oriented action plan.

Employment Support and Retention: Employment related support services such as job retention, job advancement services or counseling.

Family Self Sufficiency: Family preservation support services such as counseling, peer support, child care information and referral.

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Community Services Policy Manual	SUBJECT Financial Administration: Monthly PROGRAM REPORT and STATEMENT OF EXPENDITURES for "Grants" under the COMMUNITY SERVICES BLOCK GRANT		EFFECTIVE DATE 10-01-05 ISSUE DATE 11-15-05

REFERENCES

Community Services Block Grant, "Grant" Agreement, Section III. Grant Requirements, Item F. Billing Procedure.

POLICY:

The Grantee is required to submit a monthly Program Report and Statement of Expenditures, DHS-1070A.exl (10-2005), to the Department of Human Services (DHS). The DHS-1070A will identify monthly program expenditures incurred by line item category (Program Report) and will also identify the actual amount of funds expended for the billing period (Expenditure Report). See Item 202 for DHS-1070A and Item 402.1 for definitions of cost categories.

Note: The DHS-1070A is an excel document. Contact your DHS grant manager for an electronic copy. When completing the DHS-1070A:

- Under Section III, **you cannot enter figures** in columns (5) and (6) **OR** in the "Total" line for columns (2), (3) and (4). These cells contain formulas to automatically calculate the figures and the cells are protected.
- Under Section IV, **you cannot enter figures** in columns (1), (2) and (3). These cells contain formulas to automatically bring forward the respective totals from Section III, columns (3), (4) and (5) and the cells are protected

The DHS-1070A must 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 the contract administrator to meet fiscal year end closing deadlines.) If the billing is not received as noted above, no payment shall be made by DHS for that billing period unless an exception is specifically authorized by the DHS Director or by the DHS delegated representative. 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.

The Grantee shall submit one DHS-1070A with an original signature and two copies to:

Department of Human Services
 Bureau of CA&EO
 Grand Tower, Suite 1314
 P.O. Box 30037
 235 South Grand Avenue
 Lansing, Michigan 48909

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Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORT MICHIGAN PUBLIC SERVICE COMMISSION (MPSC) PROGRAM		EFFECTIVE DATE 1/01/08 ISSUE DATE 12/21/07

BACKGROUND:

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

POLICY:

The Grantee is required to submit a monthly Statement of Expenditures, DHS-4326-MPSC, to the Department of Human Services (DHS). The MPSC Statement of Expenditures 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 402.7 for definitions of cost categories on the form.

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

The DHS-4326-MPSC must 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 for 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.

DHS-4326-MPSC, Statement of Expenditures

The DHS-4326-MPSC is an Excel formatted form.

Section III. Reported Expenditures: For the first month of funding period, input "Approved Budget" and "Expenditures This Period" column figures. For all subsequent months, only enter figures in the "Expenditures This Period" column.

Input the **MPSC Units completed this period** each month. This number will be automatically added to the previous months' figures and the total used in Sections V and VII.

Section IV. Other income. Complete only if other income has been received to be used in the program or if other income has been expended for the program. Indicate the amounts received and expended as well as the source(s) of the income. If more than one type of income is received/expended, report on separate lines, e.g. report program income separately from landlord contributions.

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Community Services Policy Manual	SUBJECT Financial Administration: EXPENDITURE REPORT MICHIGAN PUBLIC SERVICE COMMISSION (MPSC) PROGRAM		EFFECTIVE DATE 1/01/08 ISSUE DATE 12/21/07

For reporting average costs in Sections V and VII of the DHS-4326-MPSC:

Section V- Average Cost per Unit:

1. Total Labor/Materials will be automatically filled from the figure reported in Section III.
2. Total MPSC Units completed PYTD will be automatically filled after Section III, MPSC Units completed this period is filled.
3. The average cost per unit will be calculated automatically.

For reporting average costs in Sections VI and VII of the DHS-4326-MPSC:

- **Section VI – Non-energy Labor & Materials cost:** The 25% of agency allocation will automatically fill in number 1. Input the total year to date non-energy labor/materials spent in number 2.

NOTE: The amount in number 2 cannot exceed the amount in number 1.

- **Section VII – Average Health and Safety Cost:** This is the average for all completed units. Divide total program year-to-date health and safety expenditures by total units* completed PYTD, including units not receiving health and safety measures.

*Note: Total units will automatically fill from information reported in Section III.

Section VI: DHS Approval- This section is for DHS use only.

Comments: Use the comments section to explain any irregularities with the report.

Signature, Title & Date: The person designated to sign on behalf of the local agency must sign the completed Statement of Expenditure, include his/her title, and the date of the signature.

The Grantee will submit:

- One DHS-4326-MPSC electronically to the DHS grant manager, and
- One DHS-4326-MPSC, with original signature(s) and two copies to:

Department of Human Services
 Bureau of Community Action and Economic Opportunity
 Grand Tower, Suite 1314
 P.O. Box 30037
 235 South Grand Avenue
 Lansing, Michigan 48909

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Community Services Policy Manual	SUBJECT Financial Administration Program Accounts, Cost Categories/Budget Line Items, Allowable & Unallowable Costs COMMUNITY SERVICES BLOCK GRANT		EFFECTIVE DATE 08/01/07 END DATE n/a ISSUE DATE 08/01/07

REFERENCES

- Community Services Block Grant Agreement & Master Agreement
- Office of Management and Budget Circular A-122, Cost Principles for Nonprofit Organizations
- Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- U.S. Department of Health and Human Services, CSBG Information Memorandum, Transmittal No. 37 (12/10/99), Subject: Definition and allowability of direct and administrative costs.

PURPOSE:

This item describes 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 direction from the HHS (CSBG Information Memorandum, Transmittal No. 37) regarding some costs with administrative qualities that can be identified/charged as direct program costs. (See Attachment B)

POLICY:

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.

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- 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.

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Cost Categories/Budget Line Items

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

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

The definitions for these Line Items, as well as a description of the Allowable and Unallowable costs under the CSBG, are included in Attachment B.

Allowability of costs is also addressed in the Community Services Block Grant Agreement, the Master Agreement and applicable Office of Management and Budget Circulars.

Attachments:

- Attachment A - CSBG Allowable and Unallowable Costs
 - ▶ See updates on pages 7 and 9.
- Attachment B - HHS, CSBG Information Memorandum, Transmittal No. 37

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 for efficient performance may be paid if it is a part of a standard agreement between the employer and employee
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.

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 (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.

ALLOWABLE COSTS:

1. Typical fringes include:
 - a) Retirement
 - b) Health Insurance
 - c) Life Insurance
 - d) Disability Insurance
 - e) Any other services cost or allowances paid by the employer as required by law, agreement or established policy.

2. Fringe benefits not required by law, such as 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.

UNALLOWABLE COSTS include:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.
2. Costs or allowance paid by the grantee but not required by law, agreement, or established policy
3. Severance Pay

C. OCCUPANCY

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

ALLOWABLE COSTS include:

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

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.

2. Use allowances are a means of allowing compensation when depreciation or other equivalent costs are not considered. The use allowance for facilities and their improvements can be calculated at an annual rate of up to 2% of acquisition costs.
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 of 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. 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.
7. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection
8. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

UNALLOWABLE COSTS include:

1. Rental of facilities between plants, divisions, or organizations under common control or ownership
2. Special assessments on land that represent capital improvement, such as sewer and sidewalk assessments
3. Depreciation or use charges for assets fully depreciated by the grantee

D. COMMUNICATION

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS include:

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
3. Costs of informing or instructing groups, individuals, or the general public about grantee services
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

UNALLOWABLE COSTS include:

1. Fundraising activities

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 and other durable goods).

ALLOWABLE COSTS Include:

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 Include:

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

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 include:

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

Waiver Process: As part of the grantee's application process, DHS Bureau of CA&EO 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 for tax purposes on equipment based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records and depreciation schedules.
3. Use allowance for equipment calculated at an annual rate of 6 2/3% of the acquisition cost.
4. 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 typewriters, computers, copiers and office furniture if the unit cost equals or exceeds \$5,000.
5. Insurance to cover loss of equipment.
6. Normal equipment maintenance and repair costs.
7. Cost of transportation or freight in delivering equipment to the grantee.

UNALLOWABLE COSTS include:

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 CSBG grant.

ALLOWABLE COSTS include:

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.
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.

UNALLOWABLE COSTS include:

1. Mileage reimbursement when grantee vehicle is used.

H. CONSULTANT/PROFESSIONAL SERVICES

DEFINITION: Compensation paid by the grantee to a third party under a contractual agreement for a consultant or professional services such as: Agency Audit; CPA or Accounting/Payroll services, consultants for Community/ Agency Needs Assessment, Strategic Planning, Employee Training; Software Consultants and Trainers; etc.

Note: Contracts to provide direct services for clients are to be included under the line item "Specific Assistance to Individuals."

ALLOWABLE COSTS include:

1. Professional services costs rendered by members of a particular profession who a of the grantee and who provide services relevant to the grantee's operation. 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 contracted services are in support of the grantee's operation and program services.
 - c) The service can be performed more economically by subcontracting.
 - d) The grantee's fees are consistent and competitive with other providers.
 - e) The contractual 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 contract is secured following the grantee's contracting policies and following OMB Regulations. The dollar value and other factors would require bidding to assure reasonable cost and quality of service.
 - g) The contractual 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.

UNALLOWABLE COSTS Include:

1. Retainer fees for litigation.
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 or contracts with the grantee.

I. SPECIFIC ASSISTANCE TO INDIVIDUALS

DEFINITION: Specific services provided to and for clients (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	3,000
Rent Deposits	5,000
Transportation (Grantee: Blue Cab)	2,000
Overnight Shelter (Grantee: Women's Mission)	4,000

ALLOWABLE COSTS include:

Services allowable under the CSBG program. Note: Contact your DHS BCAEO grant manager if you have questions.

Note: If the agency plans to contract with another provider to provide specific services for clients (examples above), the agency must identify both the service and the grantee's name and include the following items in its plan.

1. A copy of the contract boilerplate. The contractual agreement must adequately conform to the Agreement between the grantee and DHS.
2. A copy of the contract's scope of services: The scope must specifically identify the services to be provided to the clients. It must also indicate which entity, the agency or the grantee, will determine client eligibility. If the grantee is to determine eligibility, the CSBG eligibility guidelines must be referenced (example: CSPM Item 502-CSBG Income Eligibility Guidelines, effective date _____), and noted as an attachment.
3. A copy of the proposed contractor's budget.

UNALLOWABLE COSTS include:

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

J. MISCELLANEOUS

DEFINITION: Expenses that are not chargeable to other line items. Each cost must be itemized.

ALLOWABLE COSTS Include:

1. The cost of establishing and maintaining all accounting and other information systems required for grantee central administration, not included in other line items.
2. Advertising for: Recruitment of personnel , solicitation of bids for the procurement of goods and services, program announcements, etc.
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 Budget. See Page 9.**
4. Professional liability insurance
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.
7. Premiums on bonds covering employees who handle contract funds.
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.
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 CSBG. May include costs of memberships in trade, business, technical and professional organizations, as required for affiliation with the parent body.
12. Preparing payrolls and maintaining necessary related wage records.
13. Recruitment, examination, certification, classification, establishment of pay standards and related activities
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. 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, and/or
 - d) are specifically job and staff performance related.
16. The cost of employee training and training conferences.
17. **Indirect costs:**
 - a) incurred for a common or joint purpose benefiting more than one cost objective, and
 - b) not readily assignable to the cost benefited, without effort disproportionate to the results achieved.

Note: See Page 9 for acceptable calculation methods: Such costs are to be included in the expenditure plan as **ADMIN** costs and all mathematical calculations supporting the cost must be included in the plan. A copy of the current approved Indirect Cost Rate Agreement from the cognizant agency must be provided as an attachment to the expenditure plan.

J. MISCELLANEOUS (continuation)

UNALLOWABLE COSTS Include:

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. 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.
5. Food and food preparation for employees.
6. 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
7. Prosecution of claims against the State
8. Costs related to discharging general responsibilities as legal officer
9. 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.")
10. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations
11. Contributions and donation costs for free-will offerings to individuals and agencies
12. 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
13. Bad debt losses (whether actual or estimated) arising from uncollectable customer's accounts and other claims, related costs and related legal costs
14. 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
15. Accreditation fees unless the agency can sufficiently describe the specific benefits to the agency and its customers.
16. Costs of employee recognition "gifts."
17. 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.

Direct Costs Assessed by a Governmental Unit and Indirect Costs

Such costs are to be Included in the “ADMIN” Category
under the “Miscellaneous” Line Item

Reference: Page 8, Item 3. Direct Costs Assessed by a Governmental Unit

The following terminology shall be used by contractors/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.*)

Reference: Page 8, Item 17. Indirect Costs

Following are acceptable methods for calculating Indirect Costs. The calculations must be noted in the budget.

Example:

Contract total is \$10,000 and approved indirect rate is 4.7% of the direct BASE
(see sample BASE language below).

$$\begin{aligned} \text{Indirect Costs:} & \quad \$10,000 \div 1.047 = \$9,551 \\ & \quad \$9,551 \times .047 = \$449 \end{aligned}$$

or

$$\begin{aligned} \text{Indirect Costs:} & \quad \$10,000 \times 1.047 = 10,470 \\ & \quad \$10,000 - 470 = \$9530 \\ & \quad \$9530 \times .047 = \$448 \end{aligned}$$

Note:

Refer to the notations in the Federal Indirect Rate Approval letter with regard to what is included in the “BASE” to determine which costs the indirect rate can be applied to. A copy of the Rate Approval letter must be attached to the budget.

Sample BASE language:

1. **“BASE - Total direct costs excluding capital expenditures (buildings, individual items of equipment, alterations and renovations), subawards and flow-through funds.”** (In the example computations above, the total contract budget did not include any of these exclusions.)
2. **“BASE – Direct salaries and wages including all fringe benefits.”** (In this instance, the full approved rate would be applied against the total of the salary and fringes to determine the total indirect costs allowed to be charged to the contract/grant.)

COMMUNITY SERVICES BLOCK GRANT PROGRAM

Information Memorandum U.S. Department of Health and Human Services
Administration for Children and Families
Office of Community Services
Division of State Assistance
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Transmittal No.37

Date: December 10, 1999

To: State Community Services Block Grant Directors, State Comptrollers, U.S. Territories, Native American Tribes and Tribal Organizations, Community Action Agencies, Community Development Corporations, and other non-profit organizations receiving Community Services Block Grant (CSBG) funds.

Subject: Definition and allowability of direct and administrative costs.

Purpose: This memorandum clarifies the definition and allowability of "direct" program and "administrative" costs under the Community Services Block Grant (CSBG) and new programmatic reporting requirements. The memo specifically addresses use of CSBG funds for planning, coordination, integration, strengthening, and expansion of public and private assistance related to the elimination of poverty.

Related References: Community Services Block Grant Act of 1998, 42 USC § 9901-9920 (1999); OMB Circular A-122; OMB Circular A-133; HHS Results Oriented Management and Accountability Guide (1999).

Policy Summary:

1. For CSBG program reporting requirements, the HHS Office of Community Services (OCS) defines "direct" program and "administrative" costs in accordance with three criteria: (i) meeting Congressional intent for the program; (ii) achieving consistency with HHS audit and financial management standards; and (iii) ensuring a common basis for relating expenditures to the CSBG Results Oriented Management and Accountability System (ROMA).
 - a. "Direct" program costs can be specifically identified with delivery of a particular project, service, or activity undertaken by a grantee to achieve an outcome intended by the funding program. For CSBG, such direct costs derive from the funding objectives specified in the reauthorizing statute, and from the goals and outcome measures in the ROMA system required by that statute. Direct program costs are incurred for the service delivery and management components within a particular program or project. Therefore, direct program costs include expenditures on some activities with administrative qualities, including salaries and benefits of program staff and managers, equipment,

training, conferences, travel, and contracts that expressly relate to the delivery of an individual program or service funded by a specific grant source.

b. "Administrative" costs, in the context of CSBG statutory reporting requirements, are equivalent to the familiar concepts of "indirect" costs or "overhead." As distinguished from program administration or management expenditures that qualify as direct program costs, administrative costs refer to central executive functions that do not directly support a specific project or service. Rather, administrative costs are incurred for common objectives that benefit multiple programs administered by the grantee organization, or the organization as a whole, and as such are not readily assignable to a particular program funding stream. Administrative costs relate to the general management of the grantee organization, such as strategic direction, Board development, Executive Director functions, accounting, budgeting, personnel, procurement, and legal services.

2. Under the CSBG reauthorization and national ROMA goals, eligible programmatic activities explicitly include efforts to coordinate and strengthen a range of local programs and services that combat poverty. These efforts often entail planning and management functions that facilitate integrated approaches among more categorical public, private, and non-profit entities within a community. They also provide additional resources to enhance or supplement the activities of programs that receive other Federal, State, local, and private funding. OCS considers such functions to constitute a core CSBG program purpose, significant and necessary to the grantee mission, pursuant to Congressional intent. Use of CSBG funds to augment and coordinate other programs is an allowable cost. Furthermore, although some of these functions have administrative qualities, related expenditures that can be specifically identified with a programmatic activity to coordinate and strengthen other programs and services should be categorized as direct program costs, because they achieve an outcome intended by the Congress in the express language of the CSBG reauthorizing statute.

Background

New reporting requirements in the CSBG reauthorization, and potential confusion with terminology used in OMB Circular A-122 and the cost accounting field, necessitate some clarification for grantees and auditors regarding (1) the definition of different cost categories in the CSBG program and (2) the character and allowability of CSBG expenditures to coordinate and link multiple anti-poverty programs.

The CSBG reauthorization requires that HHS report to Congress on use of CSBG funds by grantees, including a breakdown of expenditure by "direct" and "administrative" functions. 42 U.S.C. § 9917(b)(2)(B) (1999). The statute also requires that HHS define "direct" and "administrative" costs for those purposes. 42 U.S.C. § 9917(b)(3). In addition, OMB Circular A-122, Cost Principles for Non-Profit Organizations uses similar terms, with different meanings, in providing guidance on setting indirect cost rates and charging expenditures to grants. OMB Circ. A-122 Attach. A §§ B and C(3) (1998). OCS is promulgating this information memorandum to clarify the definitions of costs for programmatic reporting requirements under the CSBG statute; the memo does not modify the requirements of OMB Circular A-122 or how grantees define costs for the purposes of establishing indirect cost rates for the CSBG program.

CSBG funds may be used to undertake a very broad range of activities, including linking and strengthening other anti-poverty programs and services. For example, CSBG funds may support planning, coordination, and capacity-building to improve the effectiveness of other community programs and organizations. CSBG funds also may be used to enhance and supplement other federally-funded programs. 42 U.S.C. § 9901(2), 42 U.S.C. § 9908(b)(1)(C), 42 U.S.C. § 9908(b)(5). The relatively unusual flexibility to fund coordination and enhancement programs, which sometimes have managerial and administrative qualities, may generate questions regarding the character of those expenditures under the costing definitions. Therefore, OCS is providing guidance regarding what constitutes a direct or administrative cost in those circumstances. Furthermore, OCS is reaffirming that such expenditures are allowable costs under the CSBG statute.

Definitions of CSBG Direct Program Costs and Administrative Costs

The CSBG reauthorization requires that HHS provide a programmatic report to Congress that includes use of CSBG funds by grantees by expenditures on "direct" and "administrative" functions. 42 U.S.C. § 9917(b)(2)(B) (1999). For the purpose of this programmatic report, OCS offers guidance on defining these terms to help ensure consistency among grantees in assigning costs to these categories --

Direct Program Costs for CSBG Reporting. Direct program costs can be identified with delivery of a particular project, service, or activity intended to achieve an objective of the grant award. For the CSBG award, those purposes and eligible activities are specified in the reauthorizing statute and reflected in the national ROMA performance measures. Direct program costs are incurred for the service delivery and management components within a particular program or project. Therefore, direct costs include expenditures on some activities with administrative qualities, including salaries and benefits of program staff and managers, equipment, training, conferences, travel, and contracts, as long as those expenses relate specifically to a particular program or activity, not to the general administration of the organization.

Administrative Costs for CSBG Reporting. In the context of CSBG statutory reporting requirements, administrative costs are equivalent to typical indirect costs or overhead. As distinguished from program administration or management expenditures that qualify as direct costs, administrative costs refer to central executive functions that do not directly support a specific project or service. Incurred for common objectives that benefit multiple programs administered by the grantee organization, or the organization as a whole, administrative costs are not readily assignable to a particular program funding stream. Rather, administrative costs relate to the general management of the grantee organization, such as strategic direction, Board development, Executive Director functions, accounting, budgeting, personnel, procurement, and legal services.

Contrast with OMB Circular A-122 Definitions. OMB Circular A-122 establishes general principles for determining the costs of Federal grants for non-profit organizations. In contrast, the new CSBG reporting requirement focuses on developing a better understanding of the specific relationship between CSBG funding and program operations, particularly in the context of ROMA objectives.

The Circular provides grantees with guidance on accumulating direct and indirect costs in order to ascertain the total or "full costs" of a grant program. Circular requirements ensure that a grantee is internally consistent in the manner it charges costs to Federal grant sources, so that costs charged to a grant as "direct" costs do not duplicate the same or similar costs included and charged to a grant through an approved indirect cost rate. Furthermore, indirect costs may be classified within the subcategories of "administrative" costs and "facilities" costs. The Circular permits grantees substantial latitude in defining and grouping these costs, dependent on an organization's structure, number of programs operated, funding sources, and accounting systems.

Therefore, "administrative" costs as defined under the OMB Circular A-122 are not necessarily interchangeable with "administrative" costs for CSBG program reports. If the Circular's definitions were used for CSBG programmatic reporting requirements, the latitude provided in the Circular could result in "direct" and "administrative costs" being overstated or understated for purposes of CSBG program reports. For example, the Circular permits grantees to include all facility costs, including maintenance and operations, as a separately identified category in calculating their indirect cost rates. However, for CSBG program reports, facility costs attributable to the operation of direct program activities should be reported as "direct" costs, and facilities costs associated with general management of the organization should be reported as "administrative" costs. The same principle for assigning a direct cost in CSBG program reports applies to any other costs included in an organization's approved indirect cost rate that can be identified with delivery of a particular activity to achieve an objective of the CSBG award.

Thus, in CSBG program reports, grantees might deviate from the definition of "administrative" costs used in developing an indirect cost rate under OMB Circular A-122. Again, such a recasting for purposes of a CSBG program report does not in any way modify the requirements of the Circular or the classification of costs in a grantee's approved indirect cost rate. Claims for actual expenditures on Federal grant programs must remain consistent with the classification of costs used in the approved indirect cost rate.

Optional Supplemental Cost Information. In reporting on the distribution of CSBG expenditures between direct and administrative costs, CSBG recipients might also wish to include information on the distribution of overall agency spending between direct and administrative costs. Such information on the relative proportion of overall agency expenditures could provide a more accurate picture of agency operations and help to interpret the role of CSBG funds in supporting agency programs.

Allowability of CSBG Expenditures on Coordination and Strengthening Activities

The purpose of the CSBG award differs from most other grants because it does not focus on funding a particular service; CSBG does not function solely as a "stand alone" program. Rather, CSBG funding can support (1) creation of new programs and services, (2) augmentation of existing programs and services; and (3) organizational infrastructure required to coordinate and enhance the multiple programs and resources that address poverty conditions in the community.

The requirements for allowable costs are unique to each Federal program and are found in the laws, regulations, and provisions of grant agreements pertaining to the program. OMB Circ. A-133 Compliance Supp. 3(A) (1997). In addition, allowable costs should comply with several

general criteria: (1) reasonable and necessary for performance and administration of the award; (2) conforming to limitations or exclusions set in the award or OMB Circular A-122 Attachment B; (3) consistent with the uniform policies and procedures of the organization; (4) allocated consistently as direct or indirect in like circumstances; (5) in accordance with generally accepted accounting principles; (6) not used to match the cost-sharing or matching requirements of another federally-funded program, or charged as a cost to such a program; and (7) documented adequately. See e.g. OMB Cir. A-122 Attach. A § A(2).

Within this framework, use of CSBG funds to both coordinate and expand local services and programs related to the elimination of poverty meet the standards for allowable costs. These activities comprise the largest spending category for the CSBG award. They often entail planning and management functions that facilitate shared resources and integrated approaches among multiple categorical services and programs within a community. They also leverage, enhance, and supplement the impact of programs supported by other Federal, State, local, and private funding sources.

The CSBG reauthorizing statute specifically targets "the strengthening of community capabilities for planning and coordinating the use of a broad range of Federal, State, local, and other assistance (including private resources) related to the elimination of poverty, so that this assistance can be used in a manner responsive to local needs and conditions." 42 U.S.C. § 9901(2)(A). The statute requires grantees to develop linkages that fill identified gaps in services and support innovative community and neighborhood-based initiatives. 42 U.S.C. § 9908(b)(3)(B). The statute also requires that grantees "coordinate, and establish linkages between, governmental and other social services programs to assure the effective delivery of such services to low-income individuals and to avoid duplication of such services . . ." 42 U.S.C. § 9908(b)(5).

The statutory mandate for coordination is reinforced by the goals and outcome measures established in the ROMA performance-based management system, now made compulsory by the CSBG reauthorization. 42 U.S.C. § 9908(12). Two of the six ROMA goals are "developing partnerships among supporters and providers of services to low-income people" and "increasing the capacity of local agencies to achieve results." Office of Community Serv., U.S. Dep't of Health and Human Serv., ROMA Guide 2-8 (1999).

These coordinating and strengthening programs may include, but are not limited to: multi-agency strategic planning; community-wide needs assessments; 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.

The CSBG reauthorizing statute also explicitly permits the use of CSBG funds to augment existing community-based programs. The legislation calls for "the broadening of the resource base of programs directed to the elimination of poverty . . ." 42 U.S.C. § 9901(2)(E). It also provides funds to "make more effective use of . . . other programs related to the purposes" of the CSBG legislation. 42 U.S.C. § 9908(b)(1)(C). For example, CSBG funds can be applied to "support development and expansion of innovative community-based youth programs . . ." 42 U.S.C. § 9908(b)(1)(B).

CSBG funds do remain subject to the standard grant policy prohibition against "cost shifting." This policy prohibits using funds from one grant award to pay for program costs instead of the funds already provided for those same costs within another current-year Federal grant award. However, the policy does not prevent using funds from one grant award to pay for program costs in excess of the amounts provided for those costs in the other current-year award. Specifically, CSBG funds may not be used in place of the amounts provided by another current-year Federal grant award for (1) direct or administrative expenditures that were included as line items in that other grant award, or (2) costs that were included in developing the indirect cost rate. However, CSBG funds may be used to pay for costs of such program activities above and beyond the levels financed by another Federal grant award.

Therefore, consistent with Congressional intent and HHS grants policy, CSBG funds may supplement other grant awards by paying for expansion and enhancement of existing services and programs that already receive Federal, State, local, or private funding for those activities. Outcomes of these CSBG expenditures should be accounted for in the ROMA performance-based management system.

Cost Allocation for CSBG Coordination and Strengthening Activities

Because funding the coordination and enhancement of multiple community-based programs is an explicit objective of the CSBG statute, grantee expenditures on projects, services, or activities in these areas constitute appropriate objects for the purposes of assigning direct costs, as well as administrative costs.

Such grantee programs to "coordinate and strengthen" may entail planning and management functions with some characteristics that resemble typical administrative costs, but should be treated as direct costs. For example, CSBG funds can be used to create and maintain a computer network among multiple service providers in a community. CSBG funds can be applied to develop and operate a one-stop family center that houses multiple service providers and programs funded by other sources. CSBG funds can pay for community-wide needs assessments and multi-service strategic planning. CSBG funds also can finance compilation, publication, and distribution of information to help clients make better use of services and programs funded by other sources. The objective of these CSBG-funded coordination programs is to connect and make more effective use of the underlying services and programs, pursuant to the CSBG statutory mandate. Therefore, these activities constitute a core CSBG program purpose, significant and necessary to the grantee mission, and an outcome intended by the funding program to which direct costs should be assigned.

The allocation between direct and administrative costs for these programs should be determined in accordance with the grantee's standard procedures for recovering eligible costs, either through calculation and application of the grantee's indirect cost rate, or through direct charges to the grant award.

HHS Reviews

This memorandum was reviewed by staff in the HHS Office of Grants and Acquisition Management.

Inquiries

Please address questions to: U.S. Department of Health and Human Services

Administration for Children and Families
Office of Community Services
Division of State Assistance
370 L'Enfant Promenade SW, Suite 500 West
Washington, DC 20447
(202) 401-2333 [main phone]
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Margaret Washnitzer, D.S.W.
Director
Division of State Assistance
Office of Community Services

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Community Services Policy Manual	SUBJECT Financial Administration: COST CATEGORIES DOE WEATHERIZATION ASSISTANCE PROGRAM		EFFECTIVE DATE 04-01-08 ISSUE DATE 03-28-08

BACKGROUND:

This item contains descriptions of cost categories that are used on the DHS-4326-DOE, Statement of Expenditures, and in preparation of the Grantee's Weatherization Plan.

Allowability of costs is addressed in the Weatherization Assistance Program Agreement, the Master Agreement, 10 CFR Part 440, and the applicable Office of Management and Budget Circulars.

POLICY:

A. Labor/Materials

1. Wages and fringe benefits related to the installation of Priority and/or NEAT-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 contractor(s) to perform weatherization services.

NOTE: Pre- and post- inspectors and field supervisors are included in this budget category **only** if actually installing materials.
2. Materials purchased for:
 - a. the installation of Priority and/or NEAT specified weatherization measures in accordance with 10 CFR 440.21. This includes the purchase of tools.
 - 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.

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B. Support

1. Direct costs including the following:
 - a. Wages and fringes 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, pre and post inspector staff and/or contractors, 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.

 Note: The purchase price of equipment cannot be charged directly to a grant/contract with the exception of vehicles purchased with Department of Energy funds. See Item 404 regarding equipment purchases and Item 404.2 regarding purchase of 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. and 1.b. above (i.e., space costs, communication costs, travel costs, etc.).
 - c. Maintenance of tools and equipment.

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C. Administration

1. Direct costs include the following:
 - a. Wages and fringe benefits of 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.
 - d. 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.).
 - e. Direct costs assessed to a public agency by a Governmental unit.
2. Indirect costs including:
 - a. Amounts consistent with a "Cognate Agency" approved federal indirect cost rate.

D. Training/Technical Assistance

1. Direct costs include the following:
 - a. Costs for staff and/or weatherization program contractors attending:
 - DOE-sponsored or state-sponsored weatherization training (regional or national),
 - other training included in the approved LWO DOE plan,
 - any other pre-approved weatherization program training.

Note: The BCAEO will include a list of pre-approved conferences at its website each program year. If a specific training is not included on the list, the LWO should check with the agency's grant manager.

- b. Cost of printing client education materials.
- 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.

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- e. Cost of staff attendance at Michigan Regional Weatherization Coordinator 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. See Item 404 regarding the purchase of equipment and Item 404.2 regarding the purchase of vehicles for the Weatherization Assistance Program.

D. 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). Vehicle insurance is charged to support.

E. Audit

The cost of the audit performed in accordance with OMB Circular A-133 or OMB Circular A-128.

F. Cost Allocation Limitations

The maximum amount for "administration":

- 5% of the agency's DOE allocation if the total allocation is \$350,000 or more
- Up to 10% of the DOE allocation if:
 - the total new allocation is less than \$350,000, and,
 - meets the conditions outlined in CSPM Item 304 regarding the use of the additional 5%.

For purposes of determining budget flexibility,

- Administration will be considered as one line item, however it cannot be increased,
- T/TA will be considered as one line item, however it cannot be increased,
- The remaining program categories will be considered one line item.

Prior written approval must be obtained from DHS to increase expenditures of any budget category by more than five percent or \$3,000, whichever is greater. Budget

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category transfer requests must be submitted no later than 30 days prior to the Agreement end date.

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Community Services Policy Manual	SUBJECT Financial Administration:: COST CATEGORIES LOW INCOME HOME ENERGY ASSISTANCE WEATHERIZATION ASSISTANCE PROGRAM (WAP)		EFFECTIVE DATE 04/01/08 ISSUE DATE 03/28/08

BACKGROUND:

This item contains descriptions of cost categories that are used on the DHS-4326-LIHEAP, Statement of Expenditures, and in preparation of the Grantee's Low Income Home Energy Assistance Program WAP Plan.

Allowability of costs is addressed in the LIHEAP agreement, CSPM Item 305, LIHEAP Allocation & Plan Instructions, the Master Agreement, 10 CFR Part 440, and the applicable Office of Management and Budget Circulars.

POLICY:

A. Labor/Materials

1. Wages and fringe benefits related to the installation of Priority and/or NEAT-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 contractor(s) to perform weatherization services.

NOTE: Pre- and post-inspectors and field supervisors are included in this budget category **only** if actually installing materials.

2. Materials purchased for:
 - a. the installation of Priority and/or NEAT specified weatherization measures in accordance with 10 CFR 440.21. This includes the purchase of tools.
 - b. incidental repairs as defined in 10 CFR 440.3.
 - c. Furnace and roof replacement in accordance with CSPM Item 703.
 - d. health and safety measures consistent with the current DOE State plan

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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 coordinators salary and fringe benefits spent in the actual supervision of labor may be included in this budget category (see C.1.b. below).
- b. Wages and fringes of support staff including intake staff and pre- and post-inspector staff and/or contractors.
- 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. Maintenance of tools and equipment.
- f. Storage of weatherization materials, tools, equipment, and weatherization vehicles.
- g. Vehicle insurance

C. Administration

1. Direct costs including the following:

- a. Wages and fringe benefits of 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.).

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d. Direct costs assessed to a public agency by a Governmental Unit.

2. Indirect costs including:

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

D. Client Education

1. Wages and fringe benefits of staff developing or delivering client education activities.
2. Supplies used for client education activities.
3. Costs for consultant/professional services related to developing or delivering client educational activities.
4. Miscellaneous costs such as client energy vouchers and energy education kits.

E. 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. Vehicle insurance is charged to support.

F. Financial Audit

The cost of the audit performed in accordance with OMB Circular A-133 or OMB Circular A-128.

G. Cost Allocation Limitations

- The maximum amount for “administration” is 5% of the agency’s LIHEAP allocation.
- The maximum amount for “support” is 20% of the agency’s LIHEAP allocation.
- The maximum amount for “client education” is 20% of the agency’s LIHEAP allocation.

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Note: These percentage limits are established because the intended use of these funds is that they be spent for weatherization activities in combination with DOE funds to provide maximum energy conservation measures.

For purposes of budget flexibility:

- Administration will be considered one budget category.
- Client Education will be considered one budget category.
- Support will be considered one budget category.
- The remaining budget categories will be considered one budget category.

Prior written approval must be obtained from DHS to increase expenditures of any budget category by more than five percent or \$3,000, whichever is greater. Budget category transfer requests must be submitted no later than 30 days prior to the Agreement end date.

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Community Services Policy Manual	SUBJECT Financial Administration: COST CATEGORIES MICHIGAN PUBLIC SERVICE COMMISSION (MPSC) PROGRAM		EFFECTIVE DATE 1/01/08 ISSUE DATE 12/21/07

BACKGROUND:

This item contains descriptions of cost categories that are used on the DHS-4326-MPSC, Statement of Expenditures, and in preparation of the Grantee's MPSC Service Plan.

Allowability of costs is addressed in the MPSC Agreement, the Master Agreement, 10 CFR Part 440, and the applicable Office of Management and Budget Circulars.

POLICY:

COST CATEGORIES

A. Labor/Materials

1. Wages and fringe benefits related to the installation of Priority and/or NEAT-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 contractor(s) to perform weatherization services.

NOTE: Pre- and post- inspectors and field supervisors are included in this budget category **only** when actually installing materials.
2. Materials purchased for:
 - a. the installation of Priority and/or NEAT specified weatherization measures in accordance with 10 CFR 440.21.
 - b. incidental repairs as defined in 10 CFR 440.3.
 - c. "non-energy related measures" as described in the approved MPSC-08 LWO plan.
 - d. health and safety measures consistent with the current DOE State Plan.

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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 fringe benefits of support staff including intake staff, pre and post inspector staff and/or contractors, 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. Maintenance of tools and equipment.
- f. Storage of weatherization materials, tools, equipment and weatherization vehicles.
- g. 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. and 1.b. above (i.e., space costs, communication costs, travel costs, etc.).
- c. Maintenance of tools and equipment.

C. Administration

1. Direct costs including the following:

- a. Wages and fringe benefits of secretaries, fiscal personnel, and other central administrative staff.

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- 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 C.1 and C.2. 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 including:

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

D. Client Education

- 1. Wages and fringe benefits of staff developing or delivering client education activities.
- 2. Supplies used for client education activities.
- 3. Costs for consultant/professional services related to developing or delivering client educational activities.
- 4. Miscellaneous costs such as client energy vouchers and energy education kits.

E. 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). Vehicle insurance is charged to support.

F. Financial Audit

The cost of the audit performed in accordance with OMB Circular A-133 or OMB Circular A-128.

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Community Services Policy Manual	SUBJECT Financial Administration: COST CATEGORIES MICHIGAN PUBLIC SERVICE COMMISSION (MPSC) PROGRAM		EFFECTIVE DATE 1/01/08 ISSUE DATE 12/21/07

COST CATEGORY/ALLOCATION LIMITATIONS

Administrative expenses may not exceed **10%** of the CAA/LPA's allocation.

Support expenses may not exceed **30%** of the CAA/LPA's allocation.

Client education expenses may not exceed **20%** of the CAA/LPA's allocation, unless approved by DHS as part of the LWO MPSC plan.

MPSC funds may **not** be used for equipment purchases.

Prior written approval must be obtained from DHS to increase expenditures of any budget category item by more than five percent or \$3,000, whichever is **greater**. Line item transfer requests must be submitted no later than 30 days prior to the Agreement end date.

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Community Services Policy Manual	SUBJECT Financial Administration: COST ALLOCATION		EFFECTIVE DATE 12/15/97 END DATE

- ISSUANCES AFFECTED:**
- A. REFERENCES Office of Management and Budget Circular A-122, Cost Principles for Nonprofit Organizations
- Office of Management and Budget Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
- B. RESCISSIONS Item 403 of the CSPM effective January 1, 1997

BACKGROUND:

The basic purpose of a cost allocation plan is to describe the rationale and process for assigning portions of any 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.

POLICY:

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 a signed approval/authorization by the appropriate Grantee official(s).

Community Services Block Grant funds may be used to support other programs when those programs do not have funds available to cover its share of expenditures. 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.

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Community Services Policy Manual	SUBJECT Financial Administration: COST ALLOCATION		EFFECTIVE DATE 12/15/97 END DATE

ACTION:

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.

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Community Services Policy Manual	SUBJECT Financial Administration: PROPERTY AND INVENTORY REQUIREMENTS		EFFECTIVE DATE 04/01/06 ISSUE DATE 03/31/06

REFERENCES

Master Agreement

Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments

Office of Management and Budget Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations

Office of Management and Budget Circular A-122, Cost Principles for Nonprofit Organizations

BACKGROUND:

Office of Management and Budget Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and Office of Management and Budget Circular A-122, *Cost Principles for Nonprofit Organizations*, provide regulations regarding depreciation and use allowances.

POLICY:

The Grantee is required to comply with the requirements of the Master Agreement, Office of Management and Budget Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*, 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 depreciation or a use allowance to a grant/contract in accordance with appropriate OMB Circular requirements. 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.

MICHIGAN DEPARTMENT OF HUMAN SERVICES		Item 404.2	Page 1 of 3
Community Services Policy Manual	SUBJECT Financial Administration: DOE WEATHERIZATION ASSISTANCE PROGRAM EQUIPMENT AND VEHICLE PURCHASE AND DISPOSITION		EFFECTIVE DATE 04-01-06 ISSUE DATE 03-31-06

REFERENCE:

Department of Energy Weatherization Program Notice 01-1,5.16

PURPOSE:

To provide LWOs with instructions regarding the purchase, disposition and reporting of the purchase of equipment and vehicles.

POLICY:

Equipment and Vehicle Purchases

The Grantee is required to obtain prior written approval from DHS and the Department of Energy (DOE) for the purchase of vehicle(s) for the Weatherization Assistance Program.

The Grantee is required to submit a DHS-551, Equipment Purchase Request, to the Department that must include the following:

1. The bid specifications provided to potential bidders.
2. The bid documents received from vendors.
3. Identification of the bid which is being accepted.
4. If the Grantee does not accept the lowest bid, rationale must be provided.

The Grantee's grant manager will review the request. If approved by the grant manager, the request will be submitted to the DHS Weatherization Program 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 the Department.

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 must be submitted to the attention of the grant manager at:

Department of Human Services
 Grand Tower, Suite 1314
 P.O. Box 30037
 235 South Grand Avenue
 Lansing, Michigan 48909

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Community Services Policy Manual	SUBJECT Financial Administration: DOE WEATHERIZATION ASSISTANCE PROGRAM EQUIPMENT AND VEHICLE PURCHASE AND DISPOSITION		EFFECTIVE DATE 04-01-06 ISSUE DATE 03-31-06

Vehicle Disposition

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 and Other Expenditures.
- b. The Grantee must notify the Department grant manager in writing of the vehicle disposition. The notification must include a description of the vehicle, the VIN, the date of purchase, the date of disposition and the amount of sales proceeds. This must be submitted to the attention of the Department grant manager at the address identified above.

2. Fair Market Value per Unit **Greater** than \$5,000

- a. 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, DHS-4326-DOE, as Other Income and Other Expenditures.
- b. The Grantee is required to submit a check, payable to the U. S. Department of Energy, for the net proceeds (see 2.a. above) to the attention of the procurement officer at:

U.S. Department of Energy
 Midwest Regional Support Office
 Chicago Board of Trade Building, Suite 1710A
 141 W. Jackson Blvd.
 Chicago, Illinois 60604-2901

- c. The Grantee must notify the Department grant manager in writing of the vehicle disposition. The notification should include a description of the vehicle, the VIN, date of purchase, the date of disposition, the total amount of sale proceeds and a photocopy of the check sent to the Midwest Regional Support Office.

Vehicle Expenditures

1. Expenditure Costs:

Expenditures for purchased vehicles used for weatherization activities are to be charged to the support or the vehicle purchase cost category. See CSPM Item 401.2, Expenditure Reports and CSPM Item 402.2, Cost Categories DOE Weatherization Assistance Program.

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2. Cost to be included in the reported average cost per unit weatherized:

When determining the average cost per unit, DOE allows local agencies to include only the reported amortized costs during the current program year.

Per Department of Energy Weatherization Program Notice 01-1, 5.16:

“For example, if a local Department purchases a new vehicle for \$24,000 with an expected useful life of the vehicle of 8 years (96 months), then the cost of that vehicle would be amortized at the rate of \$3,000 per year or \$250 per month...It permits local agencies to spread these costs out over the useful life of the vehicle... for the purpose of calculating the average cost per home, even though the full purchase is reported in the year in which it occurs.”

In the example above, the Department would add vehicle costs of \$250 per month to the total labor, support and material costs, when calculating the average cost per unit weatherized.

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Community Services Policy Manual	SUBJECT Financial Administration: TRAVEL REIMBURSEMENT RATES		EFFECTIVE DATE 01-01-07 ISSUE DATE 12-20-06

REFERENCES:

- Department of Human Services (DHS) contracts and agreements with contractors/grantees
- State of Michigan Schedule of Travel Rates

BACKGROUND:

The Michigan Department of Management and Budget determines the travel reimbursement rates for state employees conducting state business. DHS has adopted the official State Travel Rates as guidelines for reimbursing contractors/grantees for applicable travel costs.

POLICY:

Reimbursement Rates

For travel costs (including mileage) incurred **related to services provided under DHS contracts and agreements**, the contractor/grantee may bill DHS 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://www.michigan.gov/dmb/0,1607,7-150-9141_13132---,00.html

Updates are posted immediately on the web site to maintain a current reference.

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.

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.

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- When usual room rates at or below the state rate are not available, contractors/grantees may use the State of Michigan contracted travel agency to book rooms at the best available rate. (Otherwise, DHS contracts/grants can only be billed for an amount not exceeding the state rates.)
- The State of Michigan contracted travel agency confirmation is acceptable documentation for reimbursement of room rates that exceed the state rate.
- The contractor/grantee should retain the State of Michigan contracted travel agency confirmation to support the travel expenses associated with the higher rate.

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 (as provided under CSPM Item 405) are intended for activities related to DHS contracts/agreements only. Use of these services for any other activity is not permitted.

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Community Services Policy Manual	SUBJECT Financial Administration AUDIT CONFIRMATION LETTERS		EFFECTIVE DATE 01-01-97 END DATE

ISSUANCES AFFECTED: A. REFERENCES Office of Management and Budget Circular A-128, Audit Requirements for State and Local Governments

Office of Management and Budget Circular A-133, Audits of Institutions of Higher Education and Other Nonprofit Organizations

B. RESCISSIONS None

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 Family Independence Agency should be submitted to:

Michigan Department of Human Services
Bureau of Community Action and Economic Opportunity
235 S. Grand Avenue
PO Box 30037
Suite 1314
Lansing, Michigan 48909

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Community Services Policy Manual	SUBJECT: Financial Administration: Income-Producing Activities		EFFECTIVE DATE 04/01/98 END DATE

ISSUANCES AFFECTED: A. REFERENCES None

B. RECISSIONS None

BACKGROUND:

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.

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.

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Community Services Policy Manual	SUBJECT: Financial Administration: Income-Producing Activities		EFFECTIVE DATE 07-24-06 END DATE

The use of equipment purchased with DOE funds for the activity requires a fair usage charge to the activity and is considered program income to WAP. Vehicle usage is to be charged by mileage documented on the vehicle log. Blower door usage is to be charged at a rate of \$5.00 per job.

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.

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Community Services Policy Manual	SUBJECT Financial Administration: COMMUNITY SERVICES BLOCK GRANT Line Item Transfer Request for Expenditure Plans and Budgets		EFFECTIVE DATE 06/18/07 END DATE N/A ISSUE DATE 06/18/07

REFERENCES:

- A. Community Services Block Grant (CSBG) Grant Agreements
- B. CSBG Discretionary Contracts (Example Contracts: CSBG-D [Discretionary], CSBG-T [Tax Assistance], CSBG-M [Migrant Services], CSBG-N [Native American Services])

BACKGROUND:

Grantees/Contractors must follow and adhere to DHS approved expenditure plans and budgets. However, as explained below under "Policy," some expenditure flexibility is allowed.

Grantees/Contractors receiving CSBG Grant funds or CSBG-D Contract funds (including funds for migrant services, tax preparation assistance, etc.) that need to exceed the allowed flexibility must first obtain prior written approval from DHS. The approval process, to increase a line item expenditure amount, is outlined below.

POLICY:

A. For CSBG GRANT AGREEMENTS – Incorporating Annual Expenditure Plans

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 grant 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.*

Note: When costs fall within the expenditure flexibility, the original approved line item total amount does not change on the expenditure report.

When a Grantee determines that a line item expenditure will exceed the flexibility noted above, a Line Item Transfer Request (LITR) must be requested and approved prior to billing for expenditures that exceed the flexibility. Note: This process can also be used when transferring funds into a line item that was not funded (a zero line item) when the grant was originally executed.

All line item transfer requests must be submitted to the DHS grant manager on a CSBG Grant-LITR-EX (06/2007). A signed, approved/denied copy will be returned to the Grantee within 30 days. Contact your grant manager for an electronic copy of the LITR form.

The deadline for submittal of a Line Item Transfer Request is thirty (30) days prior to the agreement ending date.

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Processing Criteria:

- Submit the CSBG Grant-LITR-EX electronically to the Grant Manager.

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 Items 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 CSBG program will be denied.

B. For CSBG Discretionary CONTRACTS – Incorporating Budgets

Expenditure Flexibility:

The Contractor must refer to each individual contract for the specific flexibility allowed. The flexibility language will be stated in the “Budget Documentation” and/or “Billing Method” section of the contract. Example Contract Language: “The Grantee must obtain prior written approval from DHS to increase any line item by more than 10% or \$1,000, whichever is greater.” Example: *If an approved line item is \$11,000, the grantee may spend up to \$12,100 in the line item without prior approval.*

When a Contractor determines that a line item expenditure will exceed the flexibility noted in a contract, a line item transfer request must be requested and approved prior to billing for expenditures that exceed the flexibility. All line item transfer requests must be submitted to the DHS Grant Manager on a Line Item Transfer Request (CM-4074). A signed, approved/denied copy of the CM-4074 will be returned to the Grantee within 30 days.

The CM-4074 (Rev. 8-05) MS Word document can be accessed on the DHS public site at: www.michigan.gov/dhs. Click on Doing Business with DHS, then click Contractor Resources – the form is included in the list of “Forms and Publications.” **NOTE:** Please refer to the line item flexibility limits in your specific contract and the instructions in this CSPM Item rather than the “Line Item Transfers Instructions” on page 2 of the form.

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The deadline for submittal of a Line Item Transfer Request is thirty (30) days prior to the contract ending date.

Processing Criteria:

- Submit the Line Item Transfer Request electronically to the Grant Manager.

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. Retroactive line item transfers requested for expenditures that have already been made.
2. Last minute transfers in an obvious attempt to unnecessarily commit funds.
3. Requests for transfers where the amount of increase does not equal the amount of decrease (requests will be returned for correction).
4. Line item transfers covering a cost not previously described in the original budget. *
5. Line item transfers from an approved line item into a line item with a zero budget amount. *

* **NOTE:** When transferring funds into a line item that was not funded (a zero line item) when the contract was originally executed, or when adding an additional cost item for a service, activity, staff, etc. into an approved line item, the change may require a Budget Amendment, a Contract Amendment or a Line Item Transfer. The method will be dependent upon the specifics of the change. Please contact your Grant Manager for clarification and instructions.

Attachments:

- CSBG Grant-LITR-EX (06/2007)
- CM-4074 (Rev. 8-05) MS Word