

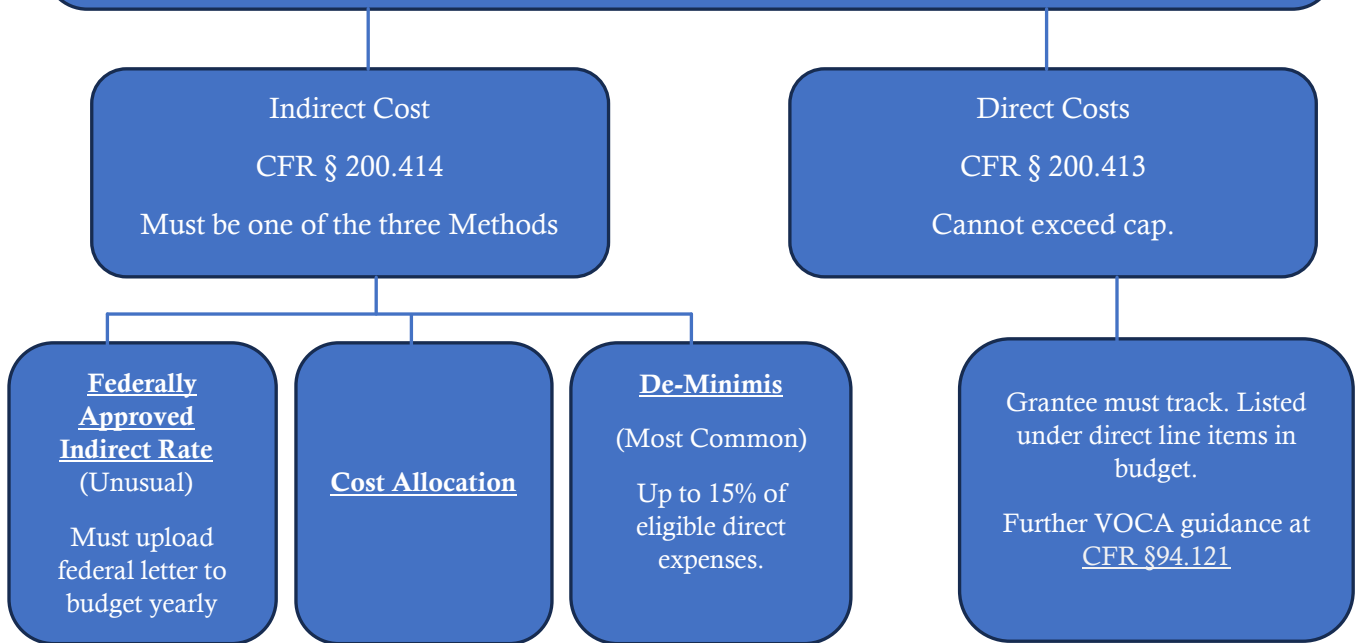
**Topic/Grant**

Administrative Costs and DeMinimis

**FAQ/Requirements**

**Administrative Costs:**

- Expenses incurred in support of the day-to-day operations of the organization
- Each expense must be consistently classified across all grants as either **Direct OR Indirect** by the grantee. See [CFR § 200.412](#) Classification of costs for further guidance.



**This FAQ is intended as a reference guide. Each grantee is responsible for understanding and complying with all applicable federal, state, and local laws and applicable regulations. The DVS is not responsible for any decisions made by the grantee based on this reference guide.**

The total costs charged for administrative costs (*including indirect costs*) cannot exceed the administrative cap of grant funds.

If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time. See 2 C.F.R. §200.414(f).

***Diversity of nonprofit organizations*** - Because of the diverse characteristics and accounting practices of nonprofit organizations, it is not possible to specify the types of costs which may be classified as indirect (facilities & administrative (F&A)) cost in all situations. Identification with a Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of Federal awards. However, typical examples of indirect (F&A) costs for many nonprofit organizations may include depreciation on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting. Title 2 CFR 200.414(f).

**Cost must either be direct or indirect** - Once classed as indirect, the same expense cannot be charged as direct.

#### **Administrative Costs:**

Administrative costs are that allocable portion of necessary and reasonable allowable costs of recipients and program operators that are associated with specifically identified functions and that are not related to the direct provision of specified programmatic activities. These costs may be both personnel and non-personnel and both direct and indirect costs. **Administrative Costs cannot be directly allocated without the support of a timesheet showing Direct program hours worked.**

Administrative costs are the costs associated with:

- Performing general administrative and coordination functions, (for example, accounting, budgeting, financial, and cash management functions, procurement and purchasing functions, property management functions, personnel management functions, payroll functions, coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports, audit functions, general legal services functions, developing systems and procedures, including information systems, required for these administrative functions, preparing administrative reports, and other activities necessary for general administration of government funds and associated programs.);
- Oversight and monitoring responsibilities related to administrative functions;
- Costs of goods and services used for administrative functions of the program, (including goods and services such as rental or purchase of equipment, utilities, office supplies, postage, and rental and maintenance of office space);
- Travel costs incurred for official business in carrying out administrative activities or the overall management of the program;
- Costs of information systems related to administrative functions (for example, personnel, procurement, purchasing, property management, accounting, and payroll systems) including the purchase, systems development, and operating costs of such systems and;
- Costs of technical assistance, professional organization membership dues, and evaluating results obtained by the project involved against stated objectives.

| Question | Response |
|----------|----------|
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|---|---|
| <p>If DeMinimis is included at the total allowable administrative rate (i.e., 15% for most grants), can the grantee <b>also</b> charge direct administrative costs to the grant?</p>        | <p>No.</p>  |
| <p>Is DeMinimis considered an administrative cost?</p>  | <p>We assume that all charges to DeMinimis are administrative unless it is documented in the budget that that is not the case. For DVS budget purposes, if the DeMinimis is included for the total administrative amount allowed, additional direct administrative costs will not be allowed. For example – if the administrative cap for a grant is 15%, and your organization budgets 15% on the DeMinimis form, an additional 15% may not be charged for insurance, administrative staff, etc.</p> |
| <p>Can the same <b>cost item</b> be allocated as direct and DeMinimis? (For example, could a staff person be part of the DeMinimis in one federal grant and a direct charge in another)</p> | <p>Yes, in <b>rare</b> circumstances. This must be fully documented, and costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. Personnel Activity Reports (PARs) must document the activities provided. For example, an Executive Director in general is an administrative position. However, when the Director provides direct client services that time can be a direct charge.</p>                                |
| <p>If we charge DeMinimis to one federal grant, do we need to charge it to all federal grants?</p>  | <p>Yes. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time. See 2 C.F.R. §200.414(f).</p>  |

All Costs must be **consistently** allocated as **Direct** or **Indirect**. This chart provides guidance as to how these costs are generally allocated. Please refer to your internal financial policies and the CFR for further guidance. The DVS is not responsible for any decisions made by the grantee based on this recommended guidance. **Costs must be prorated.**

| Activity/Cost   | Administrative | Non-Administrative |
|---|----------------|--------------------|
| Human Resources related (drug testing, ads for new staff)   | X              |                    |
| Staff that supervise direct service/grant activity (any required service outlined in Attachment E) staff  |                | X                  |
| Staff that supervise non-direct service/non-grant activity staff (administrative assistants, accountants, bookkeepers, Finance Directors, etc.) | X              |                    |
| Community Coordination/Task Force related to grant crime victimization type (not including fundraising)   |                | X                  |
| Management of the leases for client Transitional Supportive Housing   |                | X                  |
| Community outreach training and awareness such as local training for police, hospitals, etc.  |                | X                  |
| Management of the specific DVS grant (FSRs, Activity Reports, etc.)   |                | X                  |
| Insurance:  |                |                    |
| General Liability   | X              |                    |
| Professional Liability  | X              |                    |
| Directors/Officers Liability  | X              |                    |
| Sex Abuse and Molestation for administrative staff  | X              |                    |
| Sex Abuse and Molestation for non-administrative staff  |                | X                  |
| Cyber insurance   | X              |                    |
| Building insurance for locations in which client services are the only purpose  |                | X                  |
| Building insurance for locations in which client services and administrative services are provided  | X              | X                  |
| Building insurance for locations where only administrative services are provided  | X              |                    |
| Vehicle insurance for vehicles used to transport clients (and vehicles purchased using the same funding source)                                 |                | X                  |
| Financial and Accounting  |                |                    |
| Single Audit  |                | X                  |
| Financial audit/review (not single audit)   | X              |                    |
| Accounting/Bookkeeping  | X              |                    |

## Reminders:

Administrative costs may be charged to a grant through:

1. DeMinimis/Indirect -Generally, those costs that exist regardless of whether your organization has a specific grant.
2. DeMinimis rate of up to 15% (depending on the allowable administrative rate in a grant)
3. Applied to Modified Total Direct Cost (MTDC). This base includes all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$50,000 of each subaward (regardless of the period of performance of the subawards under the award); excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$50,000.
4. The project costs must be consistently charged as either indirect or direct and cannot be double charged or inconsistently charged as both.
5. The proper use and application of the DeMinimis rate is the responsibility of the award recipient. The Office of Justice Programs may perform a financial monitoring review to ensure compliance with 2 CFR Part 200.
6. A direct charge to the grant up to the amount allowable in a grant.
7. A federally negotiated indirect cost rate.

**References:** CFR § 200.412, CFR § 200.413, CFR § 200.414, CFR §94.121