



CSBG – COST CATEGORIES

CSPM Item 402.1



PURPOSE

To describe the Program Accounts and Cost Categories/Budget Line Items to be used in preparation of the Grantee's CSBG Planned Expenditures as well as Allowable and Unallowable Costs.

POLICY

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

The following services are not allowed with CSBG funds:

- a) Purchase or improvement of land or the purchase, construction or permanent improvement of any building or other facility.
 - Work is a “permanent improvement” if it:
 - Materially increases permanent value of the property;
 - Appreciably prolongs life of the property; or
 - Puts, rather than maintains, the property in efficient operating condition
 - Work is not a “permanent improvement” if it is:
 - Maintenance and repair.
 - Rearrangement and alteration costs.

POLICY

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

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

COST CATEGORIES/BUDGET LINE ITEMS

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

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

COST CATEGORIES/BUDGET LINE ITEMS

The definitions for these line items, as well as a description of the allowable and unallowable costs under the CSBG, are included in the following slides.

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

SALARIES AND WAGES ALLOWABLE AND UNALLOWABLE COSTS

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.

SALARIES AND WAGES ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS:

1. Only costs that support the goals and activities of the total program.
2. Rates reasonable and consistent with those paid for similar activities by the grantee.
3. Rates competitive with those paid for similar services provided by other agencies for doing similar work.
4. Incentive compensation to employees based on cost reduction, or efficient performance, suggestion awards, safety awards, etc., is allowable to the extent that the overall compensation is determined to be reasonable and such costs are paid or accrued pursuant to an agreement entered into in good faith between the organization and the employees before the services were rendered, or pursuant to an established plan followed by the organization so consistently as to imply, in effect, an agreement to make such payment.
5. Overtime and multi-shift premiums:
 - a. When management of the grantee authorizes such costs as part of their established policies and in accordance with sound business practices
 - b. For emergencies or performance of tasks which cannot reasonably be interrupted.

SALARIES AND WAGES ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS:

1. Any payment over and above regular salaries and wages for the purpose of inducing employees to undertake or continue work at locations which may be isolated or in an unfavorable environment.
2. The value of donated volunteer time in providing services.
3. Bonuses, non-accrued lump-sum severance payments, annuities or other deferred compensation unavailable to all employees in the organization. See incentive compensation rules above.
4. Costs already funded through a separate contract and/or another funding source. Example: Program Manager is currently charged to Contract A @ 60 percent of salary/fringes and to Contract B @ 30 percent of salary/fringes. In the budget for new Contract C, the same Program Manager cannot be charged @ more than 10 percent of the same salary/fringe compensation package that was used for Contracts A & B

FRINGE BENEFITS ALLOWABLE AND UNALLOWABLE COSTS

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

REQUIRED COSTS:

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

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

FRINGE BENEFITS ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS:

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

2. Fringe benefits not required by law (e.g. health insurance, retirement and disability) must meet the following criteria to be allowable:
 - a. Fringe benefits must be established in policy, labor agreements, etc. prior to the time the contract is awarded.
 - b. Fringe benefits charged to the contract must be calculated in the same manner as fringes not charged to the contract for employees in similar classifications.

FRINGE BENEFITS ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS:

1. Any costs associated with an employee's personal expenditures during the course of normal employment, such as parking, clothing, meals, etc.
2. Personal use of organization vehicles (including transportation to and from work) even if reported on a W-2.
3. Costs or allowance paid by the grantee but not required by law, agreement, or established policy.
4. Severance Pay.
5. Costs in excess of the pro-rated portion attributable to partial (less than full-time FTE's.)
6. Self-insured worker's compensation and unemployment compensation costs are not allowable if costs exceed rates and premiums that would have been allowed if insurance premiums or taxes would have been paid.
7. Costs already funded through a separate contract and/or another funding source.

OCCUPANCY ALLOWABLE AND UNALLOWABLE COSTS

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

ALLOWABLE COSTS:

1. Depreciation of that portion of the organization's building and improvements used for the program as figured on a straight-line basis on grantee facilities with a 40 year life, based on computation of valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records.
2. Depreciation on assets donated by third parties is allowable. The value of the donated asset used to calculate these charges shall be the market value at the time of the donation.
3. The actual payment of rental costs to a third party for use of the facility and property. Rates must be reasonable in light of such factors as rental costs of comparable facilities and personal property market conditions in the area, the type, life expectancy, condition and value of the facilities leased, options available, and other provisions of the rental agreement.
4. Insurance to cover loss of assets.

OCCUPANCY ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

5. Normal maintenance repair costs: costs incurred for utilities, insurance, security, necessary maintenance, janitorial services, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life.
6. Costs incurred for rearrangement and alteration of facilities required to specifically meet conditions of the agreement that do not increase the value of the property. (See Unallowable Costs.)
7. Operation costs, such as cost of utilities, security, janitorial service, elevator service to the extent they are not otherwise included in rental or other charges for space.
8. Costs necessary to comply with security requirements, including wages and equipment of personnel engaged in plant protection.
9. Depreciation on plant protection capital assets, such as security systems, shall be included with the building as stated above.

OCCUPANCY ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS:

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

COMMUNICATION ALLOWABLE AND UNALLOWABLE COSTS

DEFINITION: Costs for written or verbal communication.

ALLOWABLE COSTS:

1. Costs incurred for telephone calls or service, pagers, fax service, cellular phone service, wide area telephone services (WATS), centrex, postage, messenger service and similar expenses related to grantee operations. Telephones, pagers and other communication devices should be charged to this item.
2. Printing, reproduction and publication costs required by the agreement.
3. Costs of informing or instructing groups, individuals, or the general public about grantee services provided, as required by the agreement.
4. Costs of gaining the interest of groups or individuals to participate in a service program, including recruitment of volunteers.
5. State and Federal excise taxes.
6. Advertising for: 1) recruitment of personnel and 2) solicitation of bids for the procurement of goods and services, program announcements, etc., and 3) other purposes specifically provided for in the agreement.



COMMUNICATION ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS:

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

SUPPLIES

ALLOWABLE AND UNALLOWABLE COSTS

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

ALLOWABLE COSTS:

1. Costs associated with delivery of supplies.
2. Purchase cost of consumable and non-consumable supplies relevant to the grantee's operation and allowable under the CSBG program.
3. State sales taxes.

UNALLOWABLE COSTS:

1. Consumable and non-consumable supplies for program activities not allowed under the CSBG program.
2. Consumable supplies that will not be consumed during this agreement period.

EQUIPMENT ALLOWABLE AND UNALLOWABLE COSTS

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

ALLOWABLE COSTS:

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

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

EQUIPMENT ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

2. Depreciation costs due to the normal depreciation as figured on straight line basis over five (5) years on the valuation of property as filed with the IRS, by a generally accepted accounting procedure, with adequate property records and depreciation schedules.
3. Rental costs for equipment paid to a third party in an arms length transaction must be reasonable, using factors such as: rental costs for comparable equipment and personal property; market conditions in the area; the type, life expectancy, condition and value of the equipment leased; options available and other provisions of the rental agreement. Include such items as computers, phone systems, copiers and office furniture if the unit cost equals or exceeds \$5,000.
4. Insurance to cover loss of equipment.
5. Normal equipment maintenance and repair costs.
6. Cost of transportation or freight in delivering equipment to the Grantee.

EQUIPMENT ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS:

1. Rental of equipment between plants, divisions or organizations under common control or ownership.
2. The amount that rental costs under any type of "option to buy" arrangement exceed rental costs without an "option to buy".
3. Any portion of the purchase price of equipment over \$5,000. See "allowable costs" for proper method of charging equipment.
4. Use allowance

TRANSPORTATION ALLOWABLE AND UNALLOWABLE COSTS

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

ALLOWABLE COSTS:

1. Actual expenses controlled by maximum reimbursement rate for meals and lodging.
2. Per diem or mileage in lieu of actual costs if a standard reimbursement schedule exists for all employees.
3. Actual cost of a grantee owned or leased vehicle, including insurance, gasoline, oil, depreciation and all normal maintenance when the vehicle is used for an allowable CSBG activity. When depreciating a vehicle, the depreciation must be based on acquisition cost less salvage value of vehicle to be replaced. Use straight-line and five (5) year useful life.
4. Leased or rental vehicles at a mileage or fixed rate that includes vehicle maintenance, inspection and repair services.

TRANSPORTATION ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

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

NOTE: The grantee must identify the potential conference or trainer sponsor(s) for such travel when itemizing this cost.

Example of sponsors include: NASCSP, CAP, NCAF, CAPLAW, etc.

6. Transportation of clients as part of grantee services.

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

TRANSPORTATION ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS:

1. Mileage reimbursement when grantee vehicle is used.
2. Mileage, lodging, and meal costs in excess of prevailing Grantee rate or State of Michigan rate, whichever is less. (Unless a higher rate at conference site)
3. Costs related to conferences/meetings that are not held for an allowable CSBG activity.

CONSULTANT/PROFESSIONAL SERVICES ALLOWABLE AND UNALLOWABLE COSTS

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

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

CONSULTANT/PROFESSIONAL SERVICES ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS:

1. Professional services costs rendered by members of a particular profession who are not employees of the grantee and who provide services relevant to the grantee's operation. Subcontracts are subject to review based on their relevancy to the purposes of CSBG. The following criteria are considered:
 - a. The costs are reasonable in relation to the service rendered. If reasonableness is questioned, the Grantee must document how the price or cost was determined.
 - b. The nature and scope of the subcontracted services are in support of the grantee's operation and program services.
 - c. The service can be performed more economically by subcontracting.
 - d. The subcontractor's fees are consistent and competitive with other providers.
 - e. The subcontract agreement for the service to be provided is adequate in description of the service and/or deliverables, estimate of time required, rate of compensation and termination provisions.
 - f. The subcontract is awarded through a competitive process if, in the opinion of MDHHS, the dollar value and other factors would require bidding to assure reasonable cost and quality of service. Grantee must adhere to their own internal procurement policies.
 - g. The subcontract agreement adequately conforms to the Agreement between the Grantee and MDHHS/BCAEO.

CONSULTANT/PROFESSIONAL SERVICES ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

2. FACSPRO annual maintenance with DBA.
3. Management studies/consultants to improve the stability, effectiveness and efficiency of the Grantee by persons not employees of the Grantee.

UNALLOWABLE COSTS:

1. Retainer fees.
2. Subcontracts with persons who meet the legal definition of an employee for the purpose of avoiding mandatory fringe benefits.
3. Subcontracts with agencies or individuals that have common ownership/relationship or contracts with the Grantee.

SPECIFIC ASSISTANCE TO INDIVIDUALS ALLOWABLE AND UNALLOWABLE COSTS

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

Examples:

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

SPECIFIC ASSISTANCE TO INDIVIDUALS ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS:

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

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

UNALLOWABLE COSTS:

1. Activities that are not allowable under the CSBG program. Note: Contact your BCAEO grant manager if you have questions.
2. Items or services not identified or included in the agreement or expenditure plan.

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

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

ALLOWABLE COSTS:

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

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

Examples:

- "Direct Costs Assessed by the City" (*..include calculation method or explanation of how care 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.*)

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

3. Audit services for the administration and management of functions related to services provided under the agreement, unless federal awards expended are less than \$750,000.
4. Professional liability insurance.
5. Premiums on bonds covering employees who handle contract funds.
6. Data processing for grantee management, such as payrolls, personnel records, etc.
7. Services to cover processing of checks or warrants from preparation to redemption, including the necessary records of accountability and reconciliation of such records with related cash accounts.
8. Health and first aid supplies.
9. Employee counseling services, as generally covered by health insurance providers, including outpatient mental health services, family and marriage counseling and substance abuse counseling.
10. Meeting and conference expenses, **as required in the agreement**, such as facilities, speaker fees, meals and refreshments, local transportation, cost of identifying but not providing dependent care resources. (*Example – Board meetings*)

Note: Must follow state rates.

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

11. Food and refreshments for youth (clients) involved in activities.
12. Professional memberships if not covered in an agency's indirect cost rate and for memberships which have a direct relationship to the goals of the CSBG. May include costs of memberships in trade, business, technical and professional organizations, as required for affiliation with the parent body.
NOTE: This needs an approved exception from MDHHS.
13. Preparing payrolls and maintaining necessary related wage records.
14. Recruitment, examination, certification, classification, establishment of pay standards and related activities for provisions of services under the agreement.
15. Costs associated with the recruitment, training and retention of volunteers for agency programs and activities. This includes recognition awards and mileage/meal reimbursement for volunteers. Volunteer recognition events should not exceed one per year.
16. Staff training and education for employee development if there is a benefit to the program.

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

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

NOTE: This needs an approved exception from MDHHS.
18. Grantees may charge the cost of training conferences and employee training if it 1) is specifically identified training for the services administered in the agreement, 2) is not applicable to other services provided by the agency, and 3) would not normally be considered a part of general professional development.
19. Costs associated with the support or development of members of the governing board or policy advisory councils, agency annual meetings and annual reports.

Note: must follow state rates.

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

ALLOWABLE COSTS (con't):

20. Indirect costs

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

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

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

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS:

1. Interest on borrowed capital or temporary use of endowment funds.
2. Fund Raising:
 - a. Non-Profit Organizations: Organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions.
 - b. Units of Local Government: Organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.
3. Investment and related expenses incurred solely to enhance income from investments.
4. Staff training not required in the agreement. Charges for employee training are not allowable if the training is basic training that will teach the employees basic skills necessary to perform the duties of the agreement. It is expected that the agency will already have properly trained employees. There may be exceptions to this policy in cases where a service is performed within a copyrighted model where it is not reasonable to expect any grantee to have the basic skills required for the service. These exceptions will require approval of the appropriate administration director.

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS (con't):

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

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

6. Individual staff memberships in trade, business, technical and professional organizations unless the agency can sufficiently describe the specific benefits to the agency and its customers.
7. Food and Refreshments for employees including:
 - Food purchased for retirements, diversity events, celebrations, holiday events, or events of an internal nature that are not required to conduct business.
 - Refreshments for meetings for employees, contractors, community partners or other entities, other than FULL DAY meetings (lasting 5 hours or longer).
 - Group meetings with community and other partners which are not full day meetings (lasting 5 hours or longer). These should be scheduled during non-meal time frames to the greatest extent possible.
 - Meal prices that exceed the state rate when traveling.
 - Alcoholic beverages.
8. Salaries and other expenses of local government bodies such as county supervisors, city council, school boards, etc., whether incurred for purposes of legislation or executive direction.

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS (con't):

9. Prosecution of claims against the State.
10. Costs related to discharging general responsibilities as legal officer.
11. The costs of amusement, diversion, social activities, ceremonials and incidental costs relating thereto, such as meals, lodging, rentals, transportation and gratuities, unless approved under the grant.
Example: Recreation costs provided for under the line item "Specific Assistance to Individuals."
12. Costs resulting from violations of or failure to comply with Federal/ State/local laws and regulations.
13. Contributions and donation costs for free-will offerings to individuals and agencies.
14. Contingency costs related to possible future events or conditions rising from presently known or unknown causes, the outcome of which is indeterminable at the present time (e.g. pending litigation and other general business risks).
15. Bad debt losses (whether actual or estimated) arising from uncollectable customer's accounts and other claims, related costs and related legal costs. Collection costs and legal fees arising from bad debts are also unallowable.

MISCELLANEOUS ALLOWABLE AND UNALLOWABLE COSTS

UNALLOWABLE COSTS (con't):

16. The cost of maintaining central accounting records required for overall local government purposes, such as appropriation and fund accounts by treasurer, comptroller, or similar officials.
17. Accreditation fees unless the agency can sufficiently describe the specific benefits to the agency and its customers.
18. Costs of employee recognition "gifts" or awards.
19. Costs contributing to employee morale.
20. Promotional items and memorabilia, such as: a) imprinted products given away as souvenirs from conferences, events or meetings; b) high cost products like pens and commemorative items; c) custom or specialized binders, etc.
21. Any Indirect Cost Rate formula that includes:
 - Specific Assistance
 - Subcontractor amounts over \$25,000
 - Equipment



QUESTIONS AND/OR COMMENTS

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