

7.9.6 DOL Costs of Administration of Grants

Costs of Administration of Federal Grants must be identified and reported to the Federal Grantor.

The Grantor will not reimburse Grantees for the portion of their administrative costs which exceed the limitation specified in the grant award. The cost limitation applies to the total grant award amount in consortium grants. Costs of Administration are defined in 20 CFR 667.220.

Performing overall oversight and monitoring of the grant are considered administrative costs, as well as the costs of the following general administrative functions and coordination of functions such as:

- Accounting
- Audit resolution
- Financial and cash management
- Payroll functions
- Purchasing

Costs of these functions, including salaries, benefits, travel, office supplies, and maintenance of office space, are considered administrative costs.

Costs of information systems related to personnel, procurement, purchasing, accounting, and payroll are considered administrative costs.

Costs of information systems used to track participants and grant performance are **not** considered administrative.

Costs are classified as administrative depending on the function that is being performed and who is performing that function. A job title alone should not be used to determine if function is administrative.

Any time that grant employees spend on hiring new staff, procurement, preparing purchase orders, reviewing financial information, preparing budgets, or functions referenced in 20 CFR 667.220 should be classified as an administrative cost.

Direct and Indirect

Direct Administrative costs are those that are directly paid from the Grant Funds.

Indirect Administrative Costs are the portion of the Indirect Cost Rate that is attributable to administrative functions. These functions are normally handled by Fiscal Services, Human Resources, the Information Technology Department, Presidents Office and other support department. The other portion of the indirect rate is attributable to functions such as facilities operations, maintenance, depreciation, and is **not** considered an administrative cost.

References:

20 CFR 667.210(b)

20 CFR 667.220 (attached)

WIA Title I-B Matrix of Specific Cost and Category Allocation Guide

SGA/DFA PY 11-08

20 Code of Federal Regulations 667.220

§667.220 What Workforce Investment Act title I functions and activities constitute the costs of administration subject to the administrative cost limit?

❖ (a) The costs of administration are that allocable portion of necessary and reasonable allowable costs of State and local workforce investment boards, direct recipients, including State grant recipients under subtitle B of title I and recipients of awards under subtitle D of title I, as well as local grant recipients, local grant subrecipients, local fiscal agents and one-stop operators that are associated with those specific functions identified in paragraph (b) of this section and which are not related to the direct provision of workforce investment services, including services to participants and employers. These costs can be both personnel and non-personnel and both direct and indirect

❖ (b) The costs of administration are the costs associated with performing the following functions:

Performing the following overall general administrative functions and coordination of those functions under WIA title I:

- 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; and
- Developing systems and procedures, including information systems, required for these administrative functions;

(2) Performing oversight and monitoring responsibilities related to WIA administrative functions;

(3) Costs of goods and services required 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;

(4) Travel costs incurred for official business in carrying out administrative activities or the overall management of the WIA system; and

(5) 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.

(c)(1) Awards to subrecipients or vendors that are solely for the performance of administrative functions are classified as administrative costs.

(2) Personnel and related non-personnel costs of staff who perform both administrative functions specified in paragraph (b) of this section and programmatic services or activities must be allocated as administrative or program costs to the benefitting cost objectives/categories based on documented distributions of actual time worked or other equitable cost allocation methods.

(3) Specific costs charged to an overhead or indirect cost pool that can be identified directly as a program cost are to be charged as a program cost. Documentation of such charges must be maintained.

(4) Except as provided at paragraph (c) (1), all costs incurred for functions and activities of subrecipients and vendors are program costs.

(5) Costs of the following information systems including the purchase, systems development and operating (e.g., data entry) costs are charged to the program category:

- (i) Tracking or monitoring of participant and performance information;
 - (ii) Employment statistics information, including job listing information, job skills information, and demand occupation information;
 - (iii) Performance and program cost information on eligible providers of training services, youth activities, and appropriate education activities;
 - (iv) Local area performance information; and
 - (v) Information relating to supportive services and unemployment insurance claims for program participants;
 - (6) Continuous improvement activities are charged to administration or program category based on the purpose or nature of the activity to be improved. Documentation of such charges must be maintained.
- Resources:

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Signature of College President _____ *Larry G. Lundblad*

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