

# Chapter 2: Period of Availability of Funds

## HIGHLIGHTS OF CHAPTER:

- Redesignation of Fund Year
- Availability of Awards
- Obligation of Funds
- Expenditure of Funds
- Award Extension Criteria

## REDESIGNATION OF FUND YEAR

States are prohibited from changing their block/formula awards and their related obligations and expenditures from one Federal fiscal year to another.

## AVAILABILITY OF AWARDS

Block/formula grants administered by the Bureau of Justice Assistance (BJA) and the Office of Juvenile Justice and Delinquency Prevention (OJJDP) are awarded for the Federal fiscal year of the appropriation plus two additional Federal fiscal years.

Formula grants administered by the Office for Victims of Crime (OVC) are available for the fiscal year of the award plus three additional fiscal years.

Discretionary awards made by OJP offices and bureaus are awarded for a specified time, and a particular award period is established for each award (usually 12 or 18 months).

## OBLIGATION OF FUNDS

An obligation occurs when funds are encumbered, such as in a valid purchase order or requisition to cover the cost of purchasing an authorized item on or after the begin date and up to the last day of the grant period in the award. Any funds not properly obligated by the recipient within the grant award period will lapse and revert to the awarding agency. The obligation deadline is the last day of the grant award period unless otherwise stipulated. (**Example:** If the award period is 10/1/06 to 9/30/07, the obligation deadline is 9/30/07). Block/formula grantees and subgrantees must complete performance during the obligation period. Performance as a result of a contract under a block/formula grant may be completed during the expenditure period not to exceed **90** days after the end date of the grant.

No additional obligations can be incurred after the end of the grant.

## EXPENDITURE OF FUNDS

Block, formula, and discretionary funds which have been properly obligated by the end of the award period will have **90** days in which to be liquidated (expended). Any funds not liquidated at the end of the **90** day period will lapse and revert to the awarding agency, unless a grant adjustment notice extending the liquidation period has been approved. (**Example:** If the award period is October 1, 2006 to September 30, 2007, the expenditure deadline is December 29, 2007).

## AWARD EXTENSION CRITERIA

Requests for a no-cost extension of a grant period must be submitted through the Grants Management System (GMS). Grantees are to use the Grant Adjustment Notice (GAN) module in GMS to request the extension.

Block, formula, and discretionary awards (except for Victims Compensation and Assistance funds) may be awarded an extension of the obligation date in response to the GAN request. The request for extension must state the need for the extension and indicate the additional time required. The GAN should be submitted within the following time frame:

- **Block/Formula Awards:** A no cost extension may be requested at anytime after accepting the award, but no later than 30 days prior to the end of the award.

**NOTE:** Byrne Formula awards have new requirements for requesting no-cost extensions. The recipient should contact the BJA grant manager for the additional requirements.

- **Discretionary Awards:** A no cost extension may be requested at anytime after accepting the award, but no later than 30 days prior to the end of the award.

The maximum extension allowable for any project period is generally 12 months, and requests for retroactive extension of project periods will not be considered. Generally, only one extension per award will be permitted. A request for an extension of the obligation period of a program or set of programs beyond 12 months must be justified by extraordinary circumstances beyond the control of the recipient and subrecipient.

Extension requests will be considered only if the EXTENSION CRITERIAS established below are met by the recipient at the time of the request to the awarding agency. Modifications of the general extension policy stated above are at the discretion of the awarding agency. Extension of the expenditure deadline date is allowable for all awards (including Victims Compensation and Assistance) upon e-mail notification that the submission of the request through the GAN module in GMS was approved by the awarding agency.

The criteria for extending the obligation or expenditure deadline for a project, program, or set of programs include the following:

1. **Reports.** There must be on file with the awarding agency current and acceptable Progress Reports, if applicable to the grant, and current and acceptable Financial Status Reports, SF-269As, and all identified financial issues must be satisfactorily resolved.
2. **Special Conditions.** All special conditions attached to the award must be satisfied, except for those conditions that must be fulfilled in the remaining period of the award. This also includes the performance and resolution of audits in a timely manner.
3. **Extraordinary Circumstances Justification.** A narrative justification must be submitted with the project or program extension request. Complete details must be provided, including the justification and the extraordinary circumstances which require the proposed extension. Explain the effect of a denial of the request on the project or program.
4. **Approval.** The awarding agency is expected to take action on any proposed extension request within 15 working days after receipt of the request.
5. **Extension Avoidance.** To avoid the need to make a request to extend the obligation or expenditure deadline of a block/formula program, all subawards should be made at least 6 months prior to the end of the obligation deadline for the award.

**NOTES**

# Chapter 3: Matching or Cost Sharing

## HIGHLIGHTS OF CHAPTER:

- Match Requirements
- Types of Match
  - Cash Match
  - In-kind Match
- Source and Type of Funds
- Timing of Matching Contributions
- Records for Match
- Waiver of Match

## MATCH REQUIREMENTS

Match for the block/formula award program is to be provided for on a project-by-project basis, unless otherwise stated in the program guidelines. Any deviation from the program guidelines must receive the prior written approval of the awarding agency. Funds provided for a match must be used to support a federally funded project and must be in addition to, (and therefore supplement), funds that would otherwise be made available for the stated program purpose. In the case of Byrne Formula Grants, the program area would be law enforcement. Match is restricted to the same use of funds as allowed for the Federal funds.

## TYPES OF MATCH

1. **Cash Match** (hard) includes cash spent for project-related costs. Allowable cash match must include those costs which are allowable with Federal funds with the exception of the acquisition of land, when applicable.
2. **In-kind Match** (soft) includes, but is not limited to, the valuation of in-kind services. "In-kind" is the value of something received or provided that does not have a cost associated with it. For example, if in-kind match is permitted by law (other than cash payments), then the value of donated services could be used to comply with the match requirement. Also, third party in-kind contributions may count toward satisfying match requirements provided the grantee receiving the contributions expend them as allowable costs (see 28 CFR Part 66.24, Grants Management Common Rule for State and Local Units of Governments).

## SOURCE AND TYPE OF FUNDS

Cash match (hard) may be applied from the following sources:

1. Funds from States and local units of government that have a binding commitment of matching funds for programs or projects.
2. Funds from the following:
  - a. Housing and Community Development Act of 1974, 42 U.S.C 5301, *et seq.* (subject to the applicable policies and restrictions of the U.S. Department of Housing and Urban Development).
  - b. Appalachian Regional Development Act of 1965, 40 U.S.C. 214.
3. Equitable Sharing Program, 21 U.S.C §881(e) (current guidelines developed by the DOJ Asset Forfeiture Office apply). Forfeited assets used as match from the Equitable Sharing Program would be adjudicated by a Federal court.
4. Funds contributed from private sources.
5. Program income and the related interest earned on that program income generated from projects, provided they are identified and approved prior to making an award.

6. Program income funds earned from seized assets and forfeitures (adjudicated by a State court, as State law permits).
7. Funds appropriated by Congress for the activities of any agency of a tribal government or the Bureau of Indian Affairs performing law enforcement functions on tribal lands.
8. Sources otherwise authorized by law.

#### TIMING OF MATCHING CONTRIBUTIONS

Matching contributions need not be applied at the exact time or in proportion to the obligation of the Federal funds. However, the full matching share must be obligated by the end of the period for which the Federal funds have been made available for obligation under an approved program or project. Time-phased matching may be required by the awarding agency on awards to nongovernmental recipients.

**NOTE: The most common error found during the final financial reconciliation of a grant at closeout is the failure to properly report matching funds. The full matching share provided (both cash and in-kind) must be reported on the Financial Status Report submitted at the end of the grant period. If the matching share is not reported, the OCFO will assume that the grantee did not meet the required match and will initiate collection of a cash match from the grantee.**

#### RECORDS FOR MATCH

Recipients and their subrecipients must maintain records which clearly show the source, the amount, and the timing of all matching contributions. In addition, if a program or project has included within its approved budget contributions which exceed the required matching portion, the recipient must maintain records of them in the same manner as it does for the awarding agency funds and required matching shares. For all block/formula funds, the State has primary responsibility for subrecipient compliance with the requirements. For all discretionary funds, the recipient and the subrecipients or contractual recipient have shared (joint) responsibility for ensuring compliance with all the requirements regarding matching shares including proper reporting.

#### WAIVER OF MATCH

1. 42 U.S.C. §3754(a) of the Omnibus Crime Control Act provides that, in the case of funds distributed to an Indian tribe which performs law enforcement functions (as determined by the Secretary of the Interior) for any program or project described in 42 U.S.C. §3752 of the Crime Control Act, the Federal portion shall be 100 percent of such cost.
2. 42 U.S.C. §5675(c)(1) of the Juvenile Justice Act provides that, in the case of an award under Title II to an Indian tribe, if the OJJDP Administrator determines that the tribe does not have sufficient funds available to meet the local share of the cost of any program or project to be funded under the award, the Administrator may increase the Federal share of the cost thereof to the extent the Administrator deems necessary. This provision applies also to cooperative agreements.

3. In accordance with 48 U.S.C. §1469a, the awarding agency, in its discretion, may waive any requirement for matching funds under \$200,000 otherwise required by law to be provided by the certain insular areas. This waiver applies to ALL awards made to American Samoa, Guam, U.S. Virgin Islands, and Northern Mariana Islands.



**NOTES**

# Chapter 4: Program Income

## HIGHLIGHTS OF CHAPTER:

- Program Income
- Use of Program Income
- Accounting for Program Income
- Examples of Program Income
  - Sale of Property
  - Royalties
  - Attorney's Fees and Costs
  - Registration/Tuition Fees
  - Asset Seizures and Forfeitures
  - Interest Earned on JAG and JABG Funds
  - Membership Fees
- Procedures for Recovery of Costs Incurred

## PROGRAM INCOME

All income generated as a direct result of an agency-funded project shall be deemed program income (e.g., if the purpose of the grant is to conduct conferences, any training fees that are generated would be considered program income).

## USE OF PROGRAM INCOME

Program income may be used to further program objectives or may be refunded to the Federal Government. Program income may only be used for allowable program costs and must be expended prior to additional OJP draw downs. (The drawdown restriction does not apply to JABG and JAG).

## ACCOUNTING FOR PROGRAM INCOME

Program income must be used for the purposes of and under the conditions applicable to the award. Unless specified by the awarding agency, program income must be used as earned and expended as soon as possible. If the cost is allowable under the Federal grant program, then the cost would be allowable using program income. If program income earned on a discretionary grant during the grant period remains at the end of the grant period, the recipient should request a no-cost extension of the grant period to provide the recipient with ample time to expend the program income for allowable project purposes. If there is no special condition on the award concerning the accounting for program income earned after the funding period, then such program income can be used at the discretion of the recipient. The Federal portion of program income must be accounted for up to the same ratio of Federal participation as funded in the project or program. For example:

1. A discretionary project funded with 100 percent Federal funds must account for and report on 100 percent of the total program income earned. If the total program income earned was \$20,000, the recipient must account for and report the \$20,000 as program income on the Financial Status Report.
2. If a recipient was funded by block/formula funds at 75 percent Federal funds and 25 percent non-Federal funds and the total program income earned by the grant was \$100,000, \$75,000 must be accounted for and reported, by the recipient, as program income on the Financial Status Report.

## EXAMPLES OF PROGRAM INCOME

1. **Sale of Property.** In the case of real property purchased in part with Federal funds, the recipient and/or subrecipient may be permitted to retain title upon compensating the awarding agency for its fair share of the property. The Federal share of the property shall be computed by applying the percentage of the Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property.
2. **Royalties.** Recipient shall retain all royalties received from copyrights or other works developed under projects or from patents and inventions, unless the terms and conditions of the project provide otherwise, or a specific agreement governing such royalties has been negotiated between the awarding agency and the recipient.

3. **Attorney's Fees and Costs.** Income received pursuant to a court-ordered award of attorney's fees or costs, which is received subsequent to completion of the project, is program income to the extent that it represents a reimbursement for attorney's fees and costs originally paid under the award. Disposition of such program income is subject to the restrictions on the use of program income set forth in the award.
4. **Registration/Tuition Fees.** These types of program income shall be treated in accordance with disposition instructions set forth in the project's terms and conditions.
5. **Asset Seizures and Forfeitures.** Program income from asset seizures and forfeitures is considered earned when the property has been adjudicated to the benefit of the plaintiff (i.e., law enforcement entity). Income received from the sale of seized and forfeited assets (personal or real property) or from seized and forfeited money shall follow the "Addition Method" of handling program income unless an alternate method is designated in the recipient's award document. The following policies apply to program income from asset seizures and forfeitures:
  - a. Subrecipient program income, with the approval of the recipient, may be retained by the entity earning the program income or used by the recipient for any purpose that furthers the objectives of the legislation under which the grant was made.
  - b. States or local units of government MAY USE PROGRAM INCOME FUNDS FROM SEIZED AND FORFEITURE ASSETS AS MATCH when assets are adjudicated by a State court, in accordance with the State law. In addition, State and local units of government MAY use cash received under the equitable sharing program for the non-Federal portion (match) of program costs, as provided for in the guidelines established by the DOJ Asset Forfeiture Office, when the assets are adjudicated by a Federal court.
6. **Interest Earned on JAG and JABG Funds.** Interest earned on JAG and JABG funds is considered program income and should be expended only on allowable purpose areas under these programs. Recipients are required to use all funds within the fixed expenditure period. No extension to the expenditure period will be approved. JAG and JABG recipients are not required to expend program income before applying Federal funds.
7. **Membership Fees.** When an organization receives membership fees and its only source of income is Federal grant funds, the membership fees will generally be considered program income. Where non-member income is received and used to provide services to members in addition to the federally funded services, membership income may be considered program income in proportion to the amount of Federal and non-Federal funds received. However, to the extent that membership fees were received by the organization prior to the receipt of Federal grant funds, or are used to provide services to members that are separate and distinct from grant-funded services, the membership fees need not be reported as program income.

**NOTE:** Fines as a result of law enforcement activities are not considered program income.

**PROCEDURES FOR RECOVERY OF COSTS INCURRED**

1. **Authorization of Reimbursement.** When a State or local law enforcement agency provides information to the Internal Revenue Service (IRS) that substantially contributes to the recovery of Federal taxes imposed with respect to illegal drug-related activities (or money laundering in connection with such activities), the agency may be reimbursed by the IRS for costs incurred in the investigation (including but not limited to reasonable expenses, per diem, salary, and overtime) not to exceed ten percent of the sum recovered.
2. **Records.** The IRS shall maintain records of the receipt of information from a contributing agency and shall notify the agency when monies have been recovered as the result of such information. Following such notification, the agency shall submit a statement detailing the investigative costs it incurred. Where more than one State or local agency has given information, the IRS shall equitably allocate investigative costs among the agencies not to exceed an aggregate amount of ten percent of the taxes recovered.
3. **No Duplicative Reimbursement.** No State or local agency may receive reimbursement under Section 7624 if reimbursement has been received by the agency under a Federal or State forfeiture program or under State revenue laws.
4. **Awarding Agency Funds.** If the information/investigation is performed with awarding agency funds, the reimbursement received from the IRS is considered to be program income and subject to the guidelines discussed above.

**NOTES**

# Chapter 5: Adjustments to Awards

## HIGHLIGHTS OF CHAPTER:

- Grant Adjustment Notice
- Notification
- Reprogramming of Funds

## GRANT ADJUSTMENT NOTICE

A Grant Adjustment Notice (GAN) is used to request project changes and/or correction for any programmatic, administrative, or financial change associated with a grant award. All GANS **must be requested electronically by the grant recipient** through the GAN module in the Grants Management System (GMS). For further assistance, visit the GMS Training Web site: <http://www.ojp.gov/gmscbt>.

The GAN module in GMS will give grant recipients the ability to initiate requests for grant adjustments electronically. The request is reviewed by the awarding agency. Once a decision has been made on the proposed adjustment, the grant recipient will be notified by e-mail. The e-mail notification will become a permanent part of the grant file and the record will be updated, as appropriate.

Grant recipients will be limited to specific grant adjustment(s). Grantees can initiate the GAN adjustments for the following situations:

- **Budget Modifications.** Grantees may request modification to the approved budget in order to reallocate dollar amounts among budget categories within the existing award amount. The original award amount may not be increased by this procedure; however, it can be decreased. Movement of dollars between approved budget categories without a GAN is allowable up to ten percent of the total award amount (the ten percent rule), provided there is no change in project scope. (This ten percent rule applies to awards over \$100,000 only; however, if the total award is less than \$100,000 and the scope of the project doesn't change, PRIOR APPROVAL IS NOT REQUIRED). A formal request from the grantee for a GAN is required when:
  - 1) The proposed cumulative change is ten percent of the total award amount;
  - 2) The budget modification also changes the scope of the project. Examples include altering the purpose of the project, authorizing use of a subcontractor or other organization that was not identified in the original approved budget, or contracting for or transferring of grant-supported efforts; and
  - 3) If a budget adjustment affects a Standard 424 cost category that was not included in the original budget, a grant adjustment is required. For example, if the direct cost category, "Travel" did not exist in the original budget, the adjustment to transfer funds from the Equipment to Travel requires a grant adjustment notice.

**NOTE:** The ten percent rule applies to the cumulative total.

- **Changes to the Grantee's Authorized Signing Official and/or Official's Contact Information.** A grantee may make changes to the person who is responsible for authorizing and signing official documents, (such as award documents, Progress Reports, Standard 424 documents, etc). These changes include name, address, phone number, e-mail address, FAX number, cell phone number, title, etc.



- **Changes to the Grantee's Contact Name or Key Staff and/or Contact Information.**  
A grantee may make changes to the information for main contacts or key staff. These changes specifically include name, address, phone number, e-mail address, FAX number, cell phone number, title, etc. Some reasons for changes to key staff may be:
  - 1) Permanent withdrawal or changes to the main contact (ex: Project Director); and
  - 2) Temporary absence (3 months) of the Project Director (Discretionary & Cooperative Agreements Only)
  
- **Changes to the Scope of the Grant.** A grantee may make minor changes in methodology approach, or other aspects of the grant to expedite achievement of the grant's objectives, without initiating a GAN. However, changes in scope, duration, activities, or other significant areas are changes that require prior approval from the bureau or program office through a grant adjustment notice. These changes specifically include:
  - 1) Altering programmatic activities;
  - 2) Affecting the purpose of the project;
  - 3) Changing the project site;
  - 4) Changes to the organization with primary responsibility for implementation of the grant, contracting out, sub-granting, (if authorized by law) or otherwise obtaining the services of a third party to perform activities which are central to the purpose of the award; and
  - 5) Changes in scopes that affect a grantee's budget, which must follow the budget modifications GAN procedures.
  
- **Date Changes.** A grant adjustment notice is required for a change to the grant period, such as an extension of the project period end date and/or an extension of the expenditure deadline (no cost extension). A grantee may request a no cost extension anytime after accepting the award, but no later than 30 days prior to the award end date. The grantee may request an extension no more than 12 months beyond the original end date. Request for extensions beyond the 12 month end date requires justification of extraordinary circumstances.

**NOTE:** After an award is made, the grantee may not request a change to the project period start date.

- **Mailing Address Change.** A grantee may request a change to the organization's mailing address.
  
- **Organization Name Change.** A grantee may request a change to the organization's name. A grantee cannot request a change to the vendor number and the type of organization, (i.e. profit vs. nonprofit).

- **Program Office Approvals.** Written approval is required for those costs specified in Code of Federal Regulations (CFRs) (2 CFR Part 215, 220, and 225) as “Costs Allowable with Approval of Awarding Agency” or costs which contain special limitation. The following is a list of specific activities that requires a Grant Adjustment Notice:
  - 1) Compensation for individual consultant services in excess of \$450 per 8-hour day, or \$56.25 per hour;
  - 2) Publication Plans;
  - 3) Purchase of Automatic Data Processing (ADP) Equipment and Software;
  - 4) Costs incurred prior to the date of the sub-award period; and
  - 5) Foreign Travel.

Grant recipients will not be allowed to make adjustments to Grant Manager Assignment and Program Office approval. Grant recipients will not have access to remove any Special Conditions. All Special Conditions must be removed by the Grant Manager or the Grants Financial Management Division.

For general information concerning the online processing of GANs, GMS staff will be available by e-mail at [GMS.helpdesk@usdoj.gov](mailto:GMS.helpdesk@usdoj.gov) or contact OJP, OCIO, by phone at 1-800-549-9901.

#### NOTIFICATION

Recipients must give prompt notification through the GAN module to the awarding agency of events or proposed changes which may require an adjustment/notification. In requesting an adjustment, the recipient must set forth the reasons and basis for the proposed change and any other data deemed helpful for the awarding agency to review.

#### REPROGRAMMING OF FUNDS

The movement of funds awarded under Crime Control programs from one program to another contained in an approved State block or formula award which results in deletion or addition of a program or change in the subrecipient must be approved by the awarding agency prior to the expenditure of funds. The awarding agency will consider retroactive approval only in extremely unusual circumstances. When such retroactive approval is not considered warranted, the awarding agency will exercise its option to reduce the award by the amount of the unauthorized-reprogrammed funds.

**NOTES**

# Chapter 6: Property and Equipment

## HIGHLIGHTS OF CHAPTER:

- Acquisition of Property and Equipment
- Screening
- Loss, Damage, or Theft of Equipment
- Equipment Acquired With Crime Control Act Block/Formula Funds (BJA)
- Equipment Acquired With Juvenile Justice Act (OJJDP) Formula and Victims of Crime Act (OVC) Assistance (Formula) Funds
- Equipment and Nonexpendable Personal Property Acquired With Discretionary Funds
- Real Property Acquired With Formula Funds
- Real Property Acquired With Discretionary Funds
- Federal Equipment
- Replacement of Property (Equipment and Nonexpendable Personal Property)
- Retention of Property Records
- Supplies
- Copyrights
- Patents, Patent Rights, and Inventions

## ACQUISITION OF PROPERTY AND EQUIPMENT

Recipients/subrecipients are required to be prudent in the acquisition and management of property with Federal funds. Expenditure of funds for the acquisition of new property, when suitable property required for the successful execution of projects is already available within the recipient or subrecipient organization will be considered an unnecessary expenditure.

## SCREENING

Careful screening should take place before acquiring property in order to ensure that it is needed, with particular consideration given to whether equipment already in the possession of the recipient/subrecipient organization can meet identified needs. While there is no prescribed standard for such review, recipient/subrecipient procedures may establish levels of review dependent on factors such as the cost of the proposed equipment and the size of the recipient or subrecipient organization.

The establishment of a screening committee may facilitate the process; however, a recipient or subrecipient may utilize other management techniques which it finds effective as a basis for determining that the property is needed and that it is not already available within the recipient's organization.

The awarding agency's program monitors must ensure that the screening referenced above takes place and that the recipient/subrecipient has an effective system for property management.

Recipients/subrecipients are hereby informed that if the awarding agency is made aware that the recipient/subrecipient does not employ an adequate property management system, project costs associated with the acquisition of the property may be disallowed.

## LOSS, DAMAGE, OR THEFT OF EQUIPMENT

Recipients/subrecipients are responsible for replacing or repairing property which is willfully or negligently lost, stolen, damaged, or destroyed. Any loss, damage, or theft of the property must be investigated and fully documented and made part of the official project records.

## EQUIPMENT ACQUIRED WITH CRIME CONTROL ACT BLOCK/FORMULA FUNDS (BJA)

Equipment acquired shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows.

1. **Title.** The Omnibus Crime Control and Safe Streets Act of 1968, as amended, 42 U.S.C. §3789, et seq., Section 808, requires that the title to all equipment and supplies purchased with funds made available under the Crime Control Act shall vest in the criminal justice agency or nonprofit organization that purchased the property, if it provides written certification to the State office that it will use the property for criminal justice purposes. If such written certification is not made, title to the property shall vest in the State office, which shall seek to have the equipment and supplies used for criminal justice purposes elsewhere in the State prior to using it or disposing of it in any other manner.

2. **Use and Management.** A subrecipient or State shall use and manage equipment in accordance with its procedures as long as the equipment is used for criminal justice purposes.
3. **Disposition.** When equipment is no longer needed for criminal justice purposes, a State shall dispose of equipment (for both the State and subrecipients), in accordance with State procedures, with no further obligation to the awarding agency.

#### **EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS**

Equipment acquired under an award shall be managed to ensure that the equipment is used for criminal justice purposes. Standards and procedures governing ownership, use, management, and disposition are as follows.

1. **Title.** Title to equipment acquired under an award or subaward will vest upon acquisition in the recipient or subrecipient subject to the obligations and conditions set forth in 2 CFR Part 215.
2. **Use.** A State shall use equipment acquired under an award in accordance with State laws and procedures. The awarding agency encourages the States to follow the procedures set forth in this Guide.

Other recipients and subrecipients shall use equipment in accordance with the following requirements:

- a. Equipment must be used by the recipient or subrecipient in the program or project for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a Federal agency.
- b. The recipient or subrecipient shall also make equipment available for use on other projects or programs currently or previously supported by the Federal Government, provided such use does not interfere with the work on the projects or programs for which it was originally acquired. First preference for other use shall be given to other programs or projects supported by the awarding agency. User fees should be considered and treated as program income to the project, if appropriate.
- c. Notwithstanding program income, the recipient or subrecipient shall not use equipment acquired with funds to provide services for a fee to compete unfairly with private companies that provide equivalent services, unless specifically permitted, or contemplated by Federal statute.
- d. When acquiring replacement equipment, recipients or subrecipients may use the equipment to be replaced as a trade-in or may sell the equipment and use the proceeds to offset the cost of the replacement equipment, subject to the written approval of the awarding agency.

### 3. Management.

- a. A State shall ensure equipment acquired under an award to the State conforms to State laws and procedures over property.
- b. Other recipient and subrecipient procedures for maintaining equipment (including replacement), whether acquired in whole or in part with project funds, will, at a minimum, meet the following requirements:

(1) Property records must be maintained which include:

- (a) Description of the property;
- (b) Serial number or other identification number;
- (c) Source of the property;
- (d) Identification of title holder;
- (e) Acquisition date;
- (f) Cost of the property;
- (g) Percentage of Federal participation in the cost of the property;
- (h) Location of the property;
- (i) Use and condition of the property; and
- (j) Disposition data, including the date of disposal and sale price.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every 2 years.

(3) A control system must exist to ensure adequate safeguards to prevent:

- (a) Loss;
- (b) Damage; or
- (c) Theft of the property.

Any loss, damage, or theft shall be promptly and properly investigated by the recipient and subrecipient, as appropriate.

- (4) Adequate maintenance procedures must exist to keep the property in good condition.
- (5) If the recipient or subrecipient is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

#### 4. Disposition.

- a. A State recipient shall dispose of its equipment acquired under an award to the State in accordance with State laws and procedures.
- b. Other recipients and subrecipients shall dispose of the equipment when original or replacement equipment acquired under the award or subaward is no longer needed for the original project or program, or for other activities currently or previously supported by a Federal agency. Disposition of the equipment will be made as follows:
  - (1) Items with a current per unit fair market value of less than \$5,000 may be retained, sold, or otherwise disposed of with no further obligation to the awarding agency.
  - (2) Items with a current per unit fair market value of \$5,000 or more may be retained or sold, and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment. Seller is also eligible for sale costs.
  - (3) In cases where a recipient or subrecipient fails to take appropriate disposition actions, the awarding agency may direct the recipient or subrecipient to take other disposition actions.

#### EQUIPMENT AND NONEXPENDABLE PERSONAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS

- 1. **Title.** Title to equipment acquired with Federal funds will vest upon acquisition in the recipient subject to the obligations and conditions set forth in 28 CFR Part 66 for State and local units of government, and in 28 CFR Part 70 for other recipients.
- 2. **Use.** A State shall use equipment acquired under an award by the State in accordance with State laws and procedures.

Local government recipients shall use equipment in accordance with the requirements contained in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."

Other recipients shall use nonexpendable personal property in the project or program for which it was acquired as long as needed, whether or not the project or program continues to be supported by Federal funds. When no longer needed for the original project or program,



recipients shall use the nonexpendable personal property in connection with its other federally sponsored activities in the following order of priority:

- a. Other projects of the awarding agency needing the property.
- b. Grants of a State needing the property.
- c. Projects of other Federal agencies needing the property.

**3. Management.**

- a. A State shall ensure its equipment acquired under an award is in accordance with State laws and procedures over property.
- b. Local recipients and subrecipients shall ensure equipment acquired under an award is in accordance with requirements stated in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJD) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."
- c. Other recipients' property management standards for nonexpendable personal property shall include the following procedural requirements:

(1) Property records shall be maintained accurately and include:

- (a) A description of the property;
- (b) Manufacturer's serial number, model number, Federal stock number, or other identification number;
- (c) Source of the property, including the award number;
- (d) Whether title vests in the recipient or the Federal Government;
- (e) Acquisition date (or date received, if the property was furnished by the Federal Government) and cost;
- (f) Percentage (at the end of the budget year) of Federal participation in the cost of the project or program for which the property was acquired (not applicable to property furnished by the Federal Government);
- (g) Location, use, and condition of the property at the date the information was reported;
- (h) Unit acquisition cost; and
- (i) Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal-sponsoring agency for its share.

- (2) A physical inventory of property shall be taken and the results reconciled with the property records at least once every 2 years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify the existence, current utilization, and continued need for the property.
- (3) A control system shall be in effect to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft of nonexpendable property shall be investigated and fully documented. If the property was owned by the Federal Government, the recipient shall promptly notify the Federal agency.
- (4) Adequate maintenance procedures shall be implemented to keep the property in good condition.
- (5) Where the recipient is authorized or required to sell the property, proper sales procedures shall be established which would provide for competition to the extent practicable and result in the highest possible return.

#### 4. Disposition.

- a. A State shall dispose of its equipment acquired under the award by the State in accordance with State laws and procedures.
- b. Local recipients and subrecipients shall follow the disposition requirements in the section "EQUIPMENT ACQUIRED WITH JUVENILE JUSTICE ACT (OJJDP) FORMULA AND VICTIMS OF CRIME ACT (OVC) ASSISTANCE (FORMULA) FUNDS."
- c. Other recipients shall adhere to the following disposition requirements for nonexpendable personal property:
  - (1) A recipient may use nonexpendable personal property with a fair market value of less than \$5,000 for other activities without reimbursement to the Federal Government, or may sell the property and retain the proceeds.
  - (2) A recipient may retain nonexpendable personal property with a fair market value of \$5,000 or more for other uses provided that compensation is made to the awarding agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value of the property. If the recipient has no need for the property and the property has further use value, the recipient shall request disposition instructions from the awarding agency. The awarding agency shall determine whether the property can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the property shall be reported to the General Services Administration (GSA) by the Federal agency to determine whether a requirement for the property exists in other Federal agencies. The awarding agency shall issue instructions to the recipient no later than 120 days after the recipient's request, and the following procedures shall govern:

- (a) If so instructed, or if disposition instructions are not issued within 120 calendar days after the recipient's request, the recipient shall sell the property and reimburse the awarding agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the grant. However, the recipient shall be permitted to deduct and retain from the Federal share \$100 or 10 percent of the proceeds, whichever is greater, for the recipient's selling and handling expenses.
  - (b) If the recipient is instructed to ship the property to other agencies needing the property, the recipient shall be reimbursed by the benefiting Federal agency with an amount computed by applying the percentage of the recipient's participation in the cost of the project or program to the current fair market value of the property, plus any reasonable shipping or interim storage costs incurred.
  - (c) If the recipient is instructed to otherwise dispose of the property, the recipient shall be reimbursed by the awarding agency for such costs incurred in its disposition.
5. **Transfer of Title.** The awarding agency may reserve the right to transfer title to property acquired with Federal funds that have a fair market value of \$5,000 or more to the Federal Government or a third party named by the awarding agency, when such a third party is otherwise eligible under existing statutes. Such transfers are subject to the following standards:
  - a. The property must be identified in the award or otherwise made known to the recipient in writing.
  - b. The awarding agency shall issue disposition instructions within 120 calendar days after the end of the Federal support of the project for which it was acquired. If the awarding agency fails to issue disposition instructions within the 120-calendar day period, the recipient shall follow standards set in 28 CFR Parts 66 and 70.
  - c. When title to property is transferred, the recipient shall be paid an amount calculated by applying the percentage of participation in the purchase to the current fair market value of the property.

#### REAL PROPERTY ACQUIRED WITH FORMULA FUNDS

1. **Land Acquisition.** Block/formula funds CANNOT be used for land acquisition.
2. **Title.** Subject to the obligations and conditions set forth in the award, title to real property acquired under an award or subaward vests, upon acquisition, in the recipient or subrecipient.
3. **Use of Real Property.** The recipient and its subrecipients may use real property acquired, in whole or in part, with Federal funds for the authorized purposes of the original grant or subaward as long as needed for that purpose. Subrecipients shall maintain an inventory report which identifies real property acquired, in whole or in part, with block or formula funds. The recipient or subrecipient shall not dispose of or encumber its title or other interests.
4. **Disposition.** The subrecipient shall obtain approval for the use of the real property in other projects when the subrecipient determines that the real property is no longer needed for the

original grant purposes. Use in other projects shall be limited to those under other federally sponsored projects or programs that have purposes consistent with those authorized for support by the State. When the real property is no longer needed as provided above, the subrecipient shall request disposition instructions from the State. The State shall exercise one of the following:

- a. Direct the real property to be transferred to another subrecipient or a criminal justice activity needing the property, provided that use of such real property is consistent with those objectives authorized for support by the State.
- b. Return all real property furnished or purchased wholly with Federal funds to the control of the awarding agency. In the case of real property purchased in part with Federal funds, the subrecipient may be permitted to retain title upon compensating the awarding agency for its fair share of the property. The Federal share of the property shall be computed by applying the percentage of the Federal participation in the total cost of the project for which the property was acquired to the current fair market value of the property. In those instances where the subrecipient does not wish to purchase real property originally purchased in part with Federal funds, disposition instructions shall be obtained from the awarding agency.

#### **REAL PROPERTY ACQUIRED WITH DISCRETIONARY FUNDS**

1. **Land Acquisition.** Discretionary funds CANNOT be used for land acquisition.
2. **Title.** Subject to obligations and conditions set forth in 28 CFR Parts 66 and 70, title to real property acquired under an award vests upon acquisition with the recipient.
3. **Use of Property.** The use of property by the recipient is subject to the same principles and standards as outlined for property acquired with formula funds.
4. **Disposition.** The recipient shall follow the same principles and standards as outlined for subrecipients, except the recipient shall request disposition instructions from the Federal agency, not the State.
5. **Transfer of Title.** With regard to the transfer of title to the awarding agency or to a third party designated/approved by the awarding agency, the recipient or subrecipient shall be paid an amount calculated by applying the recipient's or subrecipient's percentage of participation in the purchase of the real property to the current fair market value of the property.

#### **FEDERAL EQUIPMENT**

In the event a recipient or subrecipient is provided federally owned equipment, the following requirements apply:

1. **Title** remains vested in the Federal Government.
2. **Recipients or subrecipients shall manage the equipment** in accordance with the awarding agency's rules and procedures and submit an annual inventory listing.

3. **When the equipment is no longer needed**, the recipient or subrecipient shall request disposition instructions from the awarding agency.

### REPLACEMENT OF PROPERTY (EQUIPMENT AND NONEXPENDABLE PERSONAL PROPERTY)

When an item of property is no longer efficient or serviceable but the recipient/subrecipient continues to need the property in its criminal justice system, the recipient/subrecipient may replace the property through trade-in or sale and subsequent purchase of new property, provided the following conditions are met:

1. **Similar Function.** Replacement property must serve the same function as the original property and must be of the same nature or character, although not necessarily of the same grade or quality.
2. **Credits.** Value credited for the property, if the property is traded in, it must be related to its fair market value.
3. **Time.** Purchase of replacement property must take place soon enough after the sale of the property to show that the sale and the purchase are related.
4. **Compensation.** When acquiring replacement property, the recipient/subrecipient may use the property to be replaced as a trade-in or the proceeds from the sale of the property to offset the cost of the new property.
5. **Prior Approval.** State subrecipients shall obtain the written permission of the State to use the provisions of this section prior to entering into negotiation for the replacement or trade-in of property.

### RETENTION OF PROPERTY RECORDS

Records for equipment, nonexpendable personal property, and real property shall be retained for a period of 3 years from the date of the disposition or replacement or transfer at the discretion of the awarding agency. If any litigation, claim, or audit is started before the expiration of the 3-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

### SUPPLIES

1. **Title.** Title to supplies acquired under an award or subaward vests, upon acquisition, in the recipient or subrecipient, respectively.
2. **Disposition.** If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the funding support and the supplies are not needed for any other federally sponsored programs or projects, the recipient or subrecipient shall compensate the awarding agency for its share. The amount of compensation shall be computed in the same manner as for nonexpendable personal property or equipment.

## **COPYRIGHTS**

The awarding agency reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal Government purposes:

1. The copyright in any work developed under an award or subaward; and
2. Any rights of copyright to which a recipient or subrecipient purchases ownership with support.

## **PATENTS, PATENT RIGHTS, AND INVENTIONS**

If any program produces patentable items, patent rights, processes, or inventions, in the course of work sponsored by the Federal award or subaward funds, such facts must be promptly and fully reported to the awarding agency. Unless there is a prior agreement between the recipient and the awarding agency on disposition of such items, the awarding agency shall determine whether protection on the invention or discovery shall be sought. The awarding agency will also determine how rights in the invention or discovery (including rights under any patents issued thereon) shall be allocated and administered in order to protect the public interest consistent with "Government Patent Policy" (President's Memorandum for Heads of Executive Departments and Agencies, dated August 23, 1971, and statement of Government Patent Policy, as printed in 36 FR 16839). Government-wide regulations have been issued at 37 CFR Part 401 by the U.S. Department of Commerce.

**NOTES**

# Chapter 7: Allowable Costs

## HIGHLIGHTS OF CHAPTER:

- Background
- Compensation for Personal Services
- Conferences and Workshops
- Food and Beverages
- Minimizing Costs of Meals and Refreshments
- Travel
- Space
- Printing
- Publication
- Duplication
- Production
- Other Allowable Costs



## BACKGROUND

Allowable costs are those costs identified in the circulars and in the grant program's authorizing legislation. In addition, costs must be reasonable, allocable, necessary to the project, and comply with the funding statute requirements. A discussion of certain elements of cost follows.

## COMPENSATION FOR PERSONAL SERVICES

1. **Limit on use of Grant Funds for Grantees' Employees Salaries.** No portion of Federal grant funds shall be used towards any part of the annual cash compensation of any employee of the grantee whose total annual cash compensation exceeds 110 percent of the maximum salary payable to a member of the Federal Government's Senior Executive Service at an agency with a Certified SES Performance Appraisal System for that year.
2. **Support of Salaries, Wages, and Fringe Benefits.** Charges made to Federal awards for personal services (including, but not limited to salaries, wages, and fringe benefits), whether treated as direct or indirect costs, will be based on payrolls documented in accordance with the generally accepted practice of the organization and be approved by a responsible official(s) of the organization. When recipient employees work solely on a specific grant award, no other documentation is required. However, after-the-fact certifications that the employee is working 100 percent of their time on the grant award must be prepared no less frequently than every 6 months, and must be signed by the employee and supervisory official having first-hand knowledge of the work performed.
3. **Two or More Federal Grant Programs.** Where salaries apply to the execution of two or more grant programs, cost activities, project periods, and/or overlapping periods, proration of costs to each activity must be made based on time and/or effort reports. These reports should: reflect an after-the-fact distribution of the actual activity of each employee; account for the total activity of each employee; be prepared at least monthly; coincide with one or more pay periods; and be signed by the employee. These reports should also be reviewed and approved on a regular basis by a supervisory official having first-hand knowledge of the work performed. The approving official should document the review and approval by signing or initialing each employee's time and/or effort report.

In cases where two or more grants constitute one identified activity or program, salary charges to one grant may be allowable after written permission is obtained from the awarding agency. Salary supplements, including severance provisions and other benefits with non-Federal funds, are prohibited without approval of the awarding agency. (Refer to 2 CFR Part 220, 2 CFR Part 225, Attachment B, and 2 CFR Part 230).

4. **Extra Work.** A State or local government employee may be employed by a recipient or subrecipient, in addition to his or her full-time job, provided the work is performed on the employee's own time and:
  - a. The compensation is reasonable and consistent with that paid for similar work in other activities of State or local government;
  - b. The employment arrangement is approved and proper under State or local regulations (e.g., no conflict of interest); and

- c. The time and/or services provided are supported by adequate documentation.

To avoid problems arising from overtime, holiday pay, night differential, or related payroll regulations, such employment arrangements should normally be made directly by the recipient or subrecipient with the individual, unless there has been a transfer or loan of the employee for which his/her regular and overtime services provided are to be charged to or reimbursed by the recipient or subrecipient. Overtime and night differential payments are allowed only to the extent that payment for such services is in accordance with the policies of the State or unit(s) of local government and has the approval of the State or the awarding agency, whichever is applicable.

**NOTE:** The overtime premium should be prorated among the jobs and not charged exclusively to the awarding agency funds.

Payment of these premiums will be for work performed by award or subaward employees in excess of the established work week (usually 40 hours). Executives, such as the President or Executive Director of an organization, may not be reimbursed for overtime or compensatory time under grants and cooperative agreements. Payment of more than occasional overtime is subject to periodic review by the awarding agency.

5. **Award Purposes and Dual Compensation.** Charges for time of State and local government employees assigned to assistance programs may be reimbursed to the extent they are directly and exclusively related to the award or proper for inclusion in the indirect cost base.

**NOTE:** In no case is dual compensation allowable. That is, an employee of a unit of Government may not receive compensation from his/her unit or agency of Government AND from an award for a single period of time (e.g., 1 to 5 p.m.), even though such work may benefit both activities.

## CONFERENCES AND WORKSHOPS

Allowable costs may include:

- Conference or meeting arrangements;
- Publicity;
- Registration;
- Salaries of personnel;
- Rental of staff offices;
- Conference space;
- Recording or translation services;
- Postage;
- Telephone charges;
- Travel expenses (this includes transportation and subsistence for speakers or participants); and
- Lodging.

All OJP-funded contracts for events that include 30 or more participants (both Federal and non-Federal) lodging costs for any number of attendees requiring lodging must not exceed the Federal

per diem rate for lodging. In the event the lodging rate is not the Federal per diem rate or less, none of the lodging costs associated with the event would be allowable costs to the award. As a result, the recipient would be required to pay for all lodging costs for the event, not just the amount in excess of the Federal per diem. For example, if the Federal per diem for lodging is \$78 per night, and the event lodging rate is \$100 per night, the recipient must pay the full \$100 per night with nongrant funds, not just the difference of \$22 per night.

## FOOD AND BEVERAGES

Food and/or beverage expenses provided by recipients are allowable subject to conditions stated below:

- Food and/or beverages are provided to participants at training sessions, meetings, or conferences that are allowable activities under the particular OJP program guidelines.
- Expenses incurred for food and/or beverages provided at training sessions, meetings, or conferences must satisfy the following three tests:

Test 1—The cost of the food and/or beverages provided is considered to be reasonable.

Test 2—The food and/or beverages provided are incidental to a work-related event.

Test 3—The food and/or beverages provided are not related directly to amusement and/or social events. (Any event where alcohol is being served is considered a social event and, therefore, costs associated with that event are not allowable).

- The recipient adheres to the applicable definitions for food and beverages contained in the Financial Guide Glossary.

Each recipient that desires to purchase food and/or beverages under a grant, or contract under a grant, should follow the food and beverage policy guidelines. Guidance should be applied within the context of each individual situation. While food and/or beverages are allowable, recipients are not required to provide them at training sessions, meetings, or conferences.

**NOTE:** The presence of Federal employees does not prevent the recipient from providing food and beverages under its three tests.

To determine whether costs associated with food and/or beverages are allowable, the recipient or subrecipient providing the food and/or beverages must consider:

1. To whom the food and/or beverages will be provided;
2. Under what conditions the food and/or beverages will be provided; and
3. That the appropriate three tests have been satisfied.

For example:

**Example a.** A recipient-sponsored event is held at the L'Enfant Plaza Hotel to discuss policy topics. The event includes a working lunch with a speaker and breaks at which food

and beverages are offered. Federal agency employees, as well as employees of the recipient and nonagency persons, are invited.

This scenario meets all components of the three tests; therefore, food and beverages may be provided with grant funds.

**Example b.** A recipient offers a “hospitality suite” the night before its conference at the L’Enfant Plaza Hotel. Federal agency employees, as well as employees of the recipient and nonagency persons, are invited.

This scenario fails the three tests because food and beverages must not be directly related to amusement or social events. Although the conference is work related, the hospitality suite is purely a “social event.” Therefore, food and beverages **may not** be provided with grant funds.

**NOTE:** Food and beverage costs for events within events may be unallowable. For example:

**Unallowable**—Event A includes 200 participants. Food and beverages are requested for event B, which directly **relates** to event A, but includes only a small percentage of the 200 participants from event A. Thus, food and beverage costs at event B are unallowable since attendance at the event is not mandatory for all participants from event A.

**Allowable**—If the purpose of event B is to discuss or work on topics **unrelated** to event A, food and beverage costs may be allowable for event B.

Federal funds are governed by the “cost principles” of OMB. Cost principles are the Federal rules that determine the extent of reimbursement of grant expenses. Generally, allowable costs include costs that are reasonable and necessary for the successful completion of the project. **Unallowable costs include, but are not limited to, costs directly related to entertainment or to the purchase of alcohol.** The cost principles are outlined in Part I, Chapter 2 of this Guide.

**NOTE:** Anyone covered by per diem meal and incidental expense (M&IE) allowances or reimbursements who attends any events at which food and beverages are provided must deduct the allowance for such meals (i.e., lunch, dinner) provided from his/her per diem allowance in accordance with the schedule listed in Chapter 302 of the Federal Travel Regulations (FTR).

The top 10 tips for provisions of food and beverages under OJP grants are as follows:

1. Provide a speaker/program at a lunch or dinner.
2. Support the event with a formal agenda.
3. The event must be mandatory for all participants.
4. Do not pay for bar charges using registration fees (i.e., program income).
5. Do not make alcohol available at the event.
6. Provide appropriate break foods. (Refer to the Glossary for definition of break foods.)

7. Surrounding events (both before and after food/beverages are served) must provide several hours of substantive information.
8. Do not end events with a meal and/or break.
9. Costs must be reasonable.
10. As a participant, reduce per diem appropriately.

**NOTE:** Exhibits are not deemed substantive information.

#### MINIMIZING COSTS OF MEALS AND REFRESHMENTS

All OJP-funded contracts must adhere to the following thresholds for the costs of meals and refreshments provided at the conferences.

1. **Refreshments.** Refreshments include light food and drink served during break time, such as coffee, tea, milk, juice, soft drinks, donuts, bagels, fruit, pretzels, cookies, chips, or muffins. The cost of these items, plus any hotel service costs, cannot exceed 23 percent of the locality meals and incidental expenses (M&IE) rate per attendee per day. For example, if the M&IE rate for a particular location is \$54 per person per day, then the total refreshments costs cannot exceed \$12.42 ( $\$54 \times 23\%$ ) per attendee per day.
2. **Meals.** The cost of any meal provided, plus any hotel service costs, cannot exceed 150 percent of the locality M&IE rate per meal per attendee. For example, if lunch will be provided in a locality with a \$49/day M&IE rate, the lunch rate will be \$13. Therefore, the cost of the lunch provided at the conference cannot exceed \$19.50 ( $\$13 \times 150\%$ ) per attendee. All conference attendees must ensure that the provided meal is deducted from their claimed M&IE; in this example, the recipient would deduct \$13 from the amount of M&IE claimed for the lunch provided.

#### TRAVEL

Travel costs are allowable as expenses by employees who are in travel status on official business. These costs must be in accordance with Federal or an organizationally approved travel policy.

1. **Domestic Travel.** Recipients may follow their own established travel rates. However, the OCFO reserves the right to determine the reasonableness of those rates. If a recipient does not have a written travel policy, the recipient must abide by the Federal travel policy. Subrecipients of States must follow their State's established travel policies. If a State does not have established travel policy, the subrecipient must abide by the Federal travel policy including per diem rates. The current travel policy and per diem rate information is available at the GSA Web site <http://www.gsa.gov>.
2. **Foreign Travel.** This includes any travel outside of Canada and the United States and its territories and possessions; however, for a recipient or subrecipient located outside Canada and the United States and its territories and possessions, foreign travel means travel outside that country. Prior approval is required for all foreign travel (see Part III, Chapter 15: Costs Requiring Prior Approval).

## SPACE

The cost of space in privately or publicly owned buildings used for the benefit of the program is allowable subject to the conditions stated below:

- The total cost of space may not exceed the rental cost of comparable space and facilities in a privately owned building in the same locality.
  - The cost of space procured for program usage may not be charged to the program for periods of nonoccupancy without authorization of the Federal awarding agency.
1. **Rental Cost.** The rental cost of space in a privately owned building is allowable. Rent cannot be paid if the building is owned by the grantee or if the grantee has a financial interest in the property. However, the cost of ownership is an allowable expense. Similar costs for a publicly owned building are allowable where “rental rate” systems, or equivalent systems that adequately reflect actual costs, are employed.  
  
Such charges must be determined on the basis of actual cost (including depreciation based on the useful life of the building, operation and maintenance, and other allowable costs). Where these costs are included in rental charges, they may not be charged elsewhere. No costs will be included for purchases or construction that was originally financed by the Federal Government.
  2. **Maintenance and Operation.** The cost of utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, normal repairs and maintenance, and the like are allowable to the extent they are not otherwise included in rental or other charges for space.
  3. **Rearrangements and Alterations.** Costs incurred for rearrangement and alteration of facilities required specifically for the award program, or those that materially increase the value or useful life of the facility, are allowable when specifically approved by the awarding agency.
  4. **Depreciation and Use Allowances on Publicly Owned Buildings.** Depreciation or a use allowance on idle or excess facilities is NOT ALLOWABLE, except when specifically authorized by the Federal awarding agency.
  5. **Occupancy of Space Under Rental-Purchase or a Lease with Option-to-Purchase Agreement.** The cost of space procured under such arrangements is allowable when specifically approved by the awarding agency. This type of arrangement may require application of special matching share requirements under construction programs.

## PRINTING

Printing shall be construed to include and apply to the process of composition, platemaking, presswork, binding, and microfilm; the equipment, as classified in the tables in Title II of the Government Printing and Binding Regulations, published by the Joint Committee on Printing, Congress of the United States, and as used in such processes; or the end items produced by such processes and equipment. Pursuant to the Government Printing and Binding Regulations, no project may be awarded primarily or substantially for the purpose of having material printed for the awarding agency. The Government Printing and Binding Regulations allow:

1. **Issuance.** The issuance of a project for the support of non-Government publications, provided such projects were issued pursuant to an authorization of law, and were not made primarily or substantially for the purpose of having material printed for the awarding agency.
2. **Publications by Recipients/Subrecipients.** The publication of findings by recipients/subrecipients within the terms of their project provided such publication is not primarily or substantially for the purpose of having such findings printed for the awarding agency.

## PUBLICATION

Publication shall be construed as the initiation of the procurement of writing, editing, preparation of related illustration material, including videos, from recipients/subrecipients, or the internal printing requirements of the recipient/subrecipient necessary for compliance with the terms of the project. However, individuals are authorized to make or have made by any means available to them, without regard to the copyright of the journal and without royalty, a single copy of any such article for their own use.

Project Directors are encouraged to make the results and accomplishments of their activities available to the public. A recipient/subrecipient who publicizes project activities and results shall adhere to the following:

1. Responsibility for the direction of the project activity should not be ascribed to the awarding agency. The publication shall include the following statement: The opinions, findings, and conclusions or recommendations expressed in this publication/program/exhibition are those of the author(s) and do not necessarily reflect the views of the Department of Justice.” The receipt of awarding agency funding does not constitute official recognition or endorsement of any project. A separate application for Official Recognition may be filed with the awarding agency.
2. All materials publicizing or resulting from award activities shall contain an acknowledgement of the awarding agency assistance. An acknowledgement of support shall be made through use of the following or comparable footnote: “This project was supported by Award No. \_\_\_\_\_ awarded by the (**name of specific office/bureau**), Office of Justice Programs.”

If the awarding agency is not OJP, language should reflect the proper agency name. The Americans with Disabilities Act Technical Assistance Grant Program and the Office of Special Counsel for Immigration Related Unfair Employment Practices grant program are awarded through the DOJ Civil Rights Division.

3. A recipient/subrecipient is expected to publish or otherwise make widely available to the public, as requested by the awarding agency, the results of work conducted or produced under an award.
4. All publication and distribution agreements with a publisher shall include provisions giving the Federal Government a royalty-free, nonexclusive, and irrevocable license to reproduce, publish, or otherwise use and to authorize others to use the publication for Federal Government purposes (see Part III, Chapter 6: Copyrights). The agreements with a publisher should contain information on the awarding agency requirements.

5. Unless otherwise specified in the award, the recipient/subrecipient may copyright any books, publications, films, or other copyrightable material developed or purchased as a result of award activities. Copyrighted material shall be subject to the same provisions of the Federal Government.
6. The recipient/subrecipient shall be permitted to display the official awarding agency logo in connection with the activities supported by the award. In this respect, the logo shall appear in a separate space, apart from any other symbol or credit.

The words "Funded/Funded in part by OJP" shall be printed as a legend, either below or beside the logo, each time it is displayed. Use of the logo must be approved by the awarding agency.

7. The recipient/subrecipient shall submit a publication and distribution plan to the awarding agency before materials developed under an award are commercially published or distributed. The plan shall include a description of the materials, the rationale for commercial publication and distribution, the criteria to be used in the selection of a publisher, and, to assure reasonable competition, the identification of firms that will be approached. Prior agency approval of this plan is required for publishing project activities and results when Federal funds are used to pay for the publication.

#### DUPLICATION

A requirement for a recipient/subrecipient to duplicate less than 5,000 units of only one page, or less than 25,000 units in the aggregate of multiple pages, of its findings for the awarding agency will not be deemed to be printing primarily or substantially for the awarding agency (e.g., 5,000 copies of 5 pages, etc). For the purpose of this paragraph, such pages may not exceed a maximum image size of 10¾ by 14¾ inches.

#### PRODUCTION

A requirement for a recipient/subrecipient to produce less than 250 duplicates from original microfilm will not be deemed to be printing primarily or substantially for the awarding agency. Microfilm is defined as one roll of microfilm 100 feet in length or one microfiche.

#### OTHER ALLOWABLE COSTS

1. **Software development.** This is an allowable cost and may be expensed in the period incurred with no dollar limitation.
2. **Depreciation.** This is an allowable cost and an accelerated method should not be used.
3. **Postemployment benefits.** These are allowable costs if funded in accordance with actuarial requirements. Funds must be paid within 6 months of recordation.
4. **Technology awards.** These are allowable costs and the drawdown of funds may be prohibited until the State Information Technology Point of Contact person has received written notification of the project and a GAN has been issued by the awarding agency.



5. **Contingency Fee Contracts for Recovery of Improper Payments.** In accordance with 2 CFR Part 225, costs of contingency fee contracts incurred by State and local governments for recovery of erroneous and improper payments charged against Federal programs are allowable costs. State and local governments may use a portion of the recovered erroneous or fraudulent payments from Federal programs to pay for recovery contracts. The portion used to pay for such contingency fees should be claimed as administrative costs.

**NOTES**

# Chapter 8: Confidential Funds

## HIGHLIGHTS OF CHAPTER:

- Approval Authority
- Confidential Funds Certification
- Written Procedures
- Informant Files
- Regional Information Sharing System Program
- Accounting and Control Procedures