

Small Grants  
Management Procedures

April 1994

# Small Grants Management Procedures

*ZdravReform* Program  
April 1994

Submitted by the *ZdravReform* Program to:  
AID/ENI/HR/HP

AID Contract Number: CCN-0004-C-00-4023-00  
Managed by Abt Associates Inc.  
with offices in: Bethesda, Maryland, U.S.A.;  
Moscow, Russia; Almaty Kazakhstan; Kiev, Ukraine

## TABLE OF CONTENTS

1.	Introduction .....	1
2.	Soliciting Grant Applications.....	3
3.	Awarding Grants .....	5
4.	Pre-award Evaluation .....	7
5.	Negotiating, Preparing and Signing Grant Agreements .....	9
6.	Grant Management and Monitoring .....	13
7.	Grant Closeout Procedures.....	17
8.	Grant Evaluation .....	19
Annexes		
A.	Criteria for Grantee Financial Management Systems Required for Advance Payment.....	21
B.	Summary of Cost Principles for Non-profit Organizations' Allowable Costs .....	23

## **DRAFT**

### **1. Introduction**

This document describes the procedures that will be used by the NIS Reform Program to manage and implement its small grants program and the responsibilities of the Program field office staff, key headquarters staff and USAID in the management process. These procedures will standardize grants program management among program field offices and will ensure that the program is competitive, collaborative and consistent with AID regulations governing grants.

## **DRAFT**

### **2. Soliciting Grant Applications**

#### *Grant Funding Cycles*

Grant applications will be solicited and reviewed and grants will be awarded during four different cycles during the first two years of the Program. The first funding cycle will take place between May 15 and July 15, 1994, with subsequent cycles scheduled for January, 1995, July, 1995 and January, 1996. If the number of grants awarded during the funding cycles is fewer than expected, the Program will accept applications and award grants on a year-round basis during 1995. Additional grants may also be awarded after the final funding cycle in January, 1996, provided the grant activities can be completed by September, 1996.

#### *Grants Agenda*

Program staff, AID (Washington, Moscow, Almaty) and NIS-based colleagues will establish an agenda of issues and questions related to health finance and organization and management reform for each grant funding cycle. Grants will only be awarded to individuals or institutions who submit an application which clearly addresses an agenda issue for that cycle.

#### *Geographic Focus of Grant Activities*

Although the grants program will operate throughout the NIS, Program field offices will focus on identifying potential grantees and soliciting grant applications from organizations in Russia and the Central Asian Republics. Up to 60 percent of all grant awards will be made in Russia and up to 25 percent in the Central Asian Republics, with the remaining 15 percent conducted in other republics.

Furthermore, within these geographic locations, the program field office will focus on identifying grantees whose activities would either be conducted in an Intensive Demonstration Site (IDS) or otherwise directly support an IDS activity.

#### *Announcing Requests for Grant Applications*

The Program field offices will be proactive in soliciting applications from a variety of individuals and institutions in the Program areas, particularly in the Intensive Demonstration Sites (IDS). The request for grant applications will be announced in conjunction with the grants program agenda for each funding cycle in local newspapers, professional newsletters and journals and within the health care community. The program may also organize workshops for targeted individuals and institutions to generate interest in the grants program and its agenda and to assist interested parties in developing concepts for grant activities and in preparing grant applications.

## **DRAFT**

### *Standard Grant Application Format*

The Program will use a standard format for the grant application and will provide instructions on completing the application to those interested in preparing a grant application. The standard application format and instructions will be distributed to all interested individuals and institutions in conjunction with the request for applications.

The standard grant application will contain sections that describe: 1) The organization's capabilities, previous health sector experience and key personnel who will manage the grant activity; 2) The proposed program's objectives and rationale; 3) The proposed program's expected outputs and results; 4) The resources and activities required to achieve program outcomes; 5) The workplan and timeline for the program, including all sub-activities; 6) A plan for monitoring and evaluating the program that includes clear benchmarks and interim products by which progress can be measured; and 7) The line item budget for the grant program. Applications which do not adhere to the standard format will not be accepted for review.

### *Submitting Grant Applications*

All grant applications will be submitted to the program field offices. To be considered for a grant award, an application must be received by the deadline, follow the standard format and clearly address an issue on the grant agenda for that funding cycle. Following the announcement of the request for applications, applicants will have one month (longer for first cycle) to complete and submit an application. During this time, the Program field office will assist individuals and institutions, as necessary and as requested, to complete applications that adhere to the standard format.

## DRAFT

### 3. Awarding Grants

#### *Competitive Selection Procedures*

The Program will take the following actions to ensure that a competitive selection procedure is followed for all grant awards and to ensure against any conflict of interest between the program and potential grantees:

- An agenda for grant applications will be developed for each funding cycle by Program staff, AID and NIS-based colleagues.
- A description of the grants program, instructions for developing a grant application and all requests for grant applications will be widely advertised in newspapers, journals and by other means to ensure broad participation within the parameters of the overall grants program.
- All grant applications must adhere to the standard format.
- All applications will be evaluated by a review committee that will use published standard criteria. The review committee will consist of Program staff, and NIS-based colleagues and collaborators.
- A grant will only be awarded if two or more applications are received and evaluated competitively.

#### *Conflict of Interest*

The small grants program will use the following procedures to avoid the possibility or the appearance of a conflict of interest between the NIS Health Care Reform Program and any potential grantees:

- At the beginning of each grant funding cycle, the NIS Health Care Reform Program will specifically review the grants agenda, potential grantees and the overall situation to determine whether any actual or potential conflict of interest exists.
- All potential grantees will be offered equal access to Program supported technical assistance in completing grant applications. No request for technical assistance will be refused unless all grantees submitting applications during a particular funding cycle are denied program supported technical assistance.

## **DRAFT**

- Organizations that employ individuals who have served as consultants to the NIS Health Care Reform Program in developing the grants program agenda or in sitting on the grant review committee will not be eligible for grant awards.
- NIS-based colleagues and collaborators who sit on the grant review committee may not be employees or consultants to any organization that submits a grant application.
- Program staff and their relatives and other Abt Associates employees and their relatives will not be permitted to accept directly or indirectly any gratuity, gift, favor, entertainment, loan or anything of monetary value from any individual or organization who has or is seeking to obtain a grant award. Program and other Abt staff and their relatives will not be permitted to accept directly or indirectly anything of monetary value that was acquired using grant funds.

### *Field Review of Grant Applications*

The Program field offices will convene a grant review committee comprised of Program staff and NIS-based colleagues and collaborators who are not government officials. The review committee will use a standard set of criteria to evaluate and rank all grant proposals during a two week period following the deadline for the funding cycle.

The field offices will forward the highest ranked applications to the region's USAID Mission. The Mission will be asked to provide concurrence for an award to the potential grantees or to veto the possibility of an award to one or more of the grant applicants. If the Mission vetoes the possibility of an award, the reasons will be made clear to the organization who submitted the application and the application will receive no further consideration.

### *Washington Review of Proposals*

The program field offices will forward to Program headquarters staff and AID/Washington those highest ranked applications that also received regional USAID Mission concurrence. Program headquarters and AID/Washington staff will review and provide concurrence for those applications that should be funded. Once concurrence is received, the Program field offices will then begin the process of awarding the grant.

## **D R A F T**

### **4. Pre-Award Evaluation**

Grants will be awarded primarily on the basis of technical merit. A limited assessment of the financial status and administrative capacity of the organization will be included in the award criteria. Furthermore the managerial and administrative requirements that grantee's must meet will be detailed in standard provisions of the Grant Agreement. Once a grant has been awarded and the grant agreement has been signed, but before any funds are actually disbursed, the program field office will complete a financial review of the Grantee's accounting and financial procedures and reporting capabilities to ensure compliance with the requirements outlined in the standard provisions in the Grant Agreement. The Grantee's compliance with this evaluation will also be detailed in a standard provision of the Grant Agreement. The evaluation will consist of a review of the following:

1. Accounting, Record Keeping and Overall Financial Management System and Personnel and Travel Policies

The Program field office will review the grantee's systems to ensure that the following requirements are met. These requirements will be specified in a standard provision to the grant agreement.

- Grantee maintains books, records, program documentation and other materials related to the grant in accordance with generally accepted accounting principles. This requirement will be specified in a standard provision of the grant agreement, and the program will assist grantees as necessary in complying with this requirement.
- Grantee accounting records are, at a minimum, adequate to show: all costs incurred under the grant, the receipt and use of goods and services acquired under the grant, the costs of the program supplied from other sources and the overall progress of the program.
- Grantee accounting and banking system can maintain grant funds separately from all other grantee funds.
- Grantee systems are adequate to maintain all documentation for a three year period.
- Grantee has adequate financial resources to complete the grant activity and to provide the required level of matching funds.
- For grants involving the purchase of commodities, the Grantee has an adequate record system for property control and an adequate program for the orderly maintenance of government property.

## **DRAFT**

- Grantee has standard, written personnel and travel policies that are uniformly enforced and that result in personnel and travel costs which are reasonable in accordance with the applicable cost principles.

### 2. Managerial Capability and Eligibility

The criteria for evaluating grant applications include an assessment of the grantee's managerial capacity, previous experience, record of past performance and overall eligibility to receive a grant. Consequently, grantees will be evaluated on the following three aspects during the award process rather than at the pre-award stage, as might be the case in a non-competitive award situation:

- An adequate record of performance, integrity and management competence with respect to planning and implementing programs.
- The ability to complete the grant program, given all existing and prospective commitments.
- An overall eligibility to receive a grant award.

## DRAFT

### 5. Negotiating, Preparing and Signing Grant Agreements

#### *Negotiating Final Grant Program Activity and Budget*

- Grant Program Activity Description and Scope of Work

Based on the grantee's application, which will contain a detailed section describing the grant activity, and comments provided during the grant review and award process, the field office and the grantee will develop a final scope of work for the grant activity. The scope of work will include a specific listing of all sub-activities, benchmarks, outputs, interim and final products and a timeline.

- Grant Program Budget

- Grant Funds

Each funded element of the grant activity presented in the budget section of the application will be reviewed to determine if it is reasonable and allowable according to applicable cost principles. The Program field office and the grantee will clearly determine the allowable costs for which the grantee may use grant funds. Based on the review of the grant activity budget by the Program field office and the Washington office, a final grant activity budget will be determined.

If the grantee has an established provisional overhead rate and includes overhead in the budget, then an overhead rate will then be established for each of the grantee's accounting periods during term of the grant. The grantee's established rate will be used as the provisional rate for the grantee's first accounting period. No later than 13 months after the close of the first and each of the subsequent grantee accounting periods, the grantee will be required to submit a proposed final rate for the accounting period, together with supporting cost data. The Grants Administrator and the grantee will then negotiate a final overhead rate for the accounting period and the grant amendment will be amended to specify the agreed upon final rate, the base to which the rate applies and the period for which the rate applies.

- Grantee Matching Funds

Grantees will be required to provide approximately 25 percent of the total costs of the grant program activity. The program field office will review the grantee's proposed budget to ensure that the proposed cash and in-kind contributions being provided by the grantee to

## DRAFT

achieve the required level of cost sharing adhere to the criteria and procedures for the allowability of cash and in-kind contributions.

### *Preparing and Signing the Grant Agreement*

- Standard Grant Agreement Format

The Program will use a standard format for all grant agreements that has been approved by the AID/Washington Contracts Officer. The standard grant agreement format will facilitate preparation by the field office of the individual grant agreements and approval by USAID and Program staff of these agreements. Although individual agreements will differ in the specific details of certain sections, all grant agreements will contain the following standard sections and language:

- A one-page grant letter which describes the overall purpose, objectives, goals and anticipated products of the grant activity and which discusses the background for grant activity, including a description of how the grant activity will address a specific grant agenda issue. The grant letter will also list the overall amount of the grant award and the conditions of the grant.
- A grant schedule which includes a scope of work, a timeline for implementation, clear benchmarks and indicators for monitoring and evaluation, a clear listing of intermediate and final deliverables and the financial and technical reporting requirements.
- A line item budget by program category, including salaries, travel, commodities, other direct costs and indirect costs, that distinguishes between the costs that will be covered by the grant and those costs that will be covered (matched) by the grantee.
- Standard clauses to ensure compliance with Abt Associates policies and USAID regulations (Handbook 13).

- Preparing the Grant Agreement

The Program field office will prepare all grant agreement documents, using the standard grant agreement format. If the field office has reason to suspect that some change to the standard grant agreement format will be required, the field office will consult with the Abt Associates Grants Officer in Cambridge during the preparation phase.

- Signing the Grant Agreement

## **DRAFT**

The Program field office will present an unsigned copy of the grant agreement to the grantee for review. The grant agreement will contain a clause stating that the agreement is not binding until it is signed by the Abt Associates Grants Officer.

If the grantee signs the agreement, the Program Field Office Director and Field Office Grants Administrator will sign the agreement and fax the one page signature sheet to the Abt Associates Grants Officer and to the Program Director for signature. The signature sheet will then be faxed back to the field office program director.

If the grantee does not sign the agreement, those portions of the grant agreement found by the grantee to be unacceptable will be determined. The Program Field Office will consult with the Abt Associates Grants Officer in Cambridge and modify the grant agreement as necessary. Any modifications to the standard grant agreement originally approved by AID/Washington will require a re-approval by AID/Washington and the Program Director. The modified grant agreement will be prepared by the Program field office and presented to the grantee for signature. Once signed, the field office will follow the procedure outlined in the preceding paragraph.

## **DRAFT**

### **6. Grant Management and Monitoring**

#### *General Responsibilities*

The Program field offices' main role in managing individual grants will be to measure and evaluate the grantee's progress in achieving the grant program objectives rather than to manage the implementation of the grant's activities. The Program field office will coordinate all technical assistance necessary for grant activity implementation with the grantee and will develop a management plan for each grant. The plan will outline the schedule of training, the reporting requirements (these will also be specified in the grant document) and the schedule of meetings between the program and the grantee.

#### *Training*

The program field office will conduct an assessment of the grantee's training needs with respect to complying with the grant's financial management and financial and technical reporting requirements. The management plan for each grant will include a training plan. The program field office will provide training to grantees to enable them to meet the financial management and financial and technical reporting requirements of the grant.

#### *Reporting Requirements*

- **Financial Status Report**

Grantees will submit a financial status report to the program field office grants administrator on a quarterly basis and on completion of the grant. These requirements will be documented in a standard provision of the grant document. The format for this report will be provided by the program field office. Reports will be due 30 days after the quarter has ended and 90 days after the grant has ended. Quarterly financial status reports will be on an accrual basis, when possible, and will contain information on expenditures per budget line item linked to individual grant activities and products, and will show the level of matching funds provided by the grantee against total grant expenditures.

- **Financial Audit**

If the grantee receives the equivalent of U.S. \$25,000 in local currency in any successive 12 month period under the grant, the grantee will also be required to complete and report the results of at least one financial audit of funds provided under the grant and of the financial statements of the organization as a whole to the program field office grants administrator. The program field office

## DRAFT

grants administrator will select an independent auditor in accordance with the "Guidelines for Financial Audits Contracted by Foreign Recipients". This requirement will be detailed in a standard provision of the grant document.

- Technical Status Report and Interim Products Report

Grantees will submit a technical status report on a quarterly basis and upon completion of the grant. These requirements will be documented in a standard provision of the grant document. Quarterly technical reports will be in narrative form and will summarize progress to date towards achieving the overall grant objectives and the intermediate benchmarks and towards completing the intermediate products that are due during quarterly reporting period.

The field office grants administrator will also ensure that all intermediate deliverables or grant products scheduled to be completed during the reporting quarter are received on time. The field office will review or request technical assistance in reviewing all intermediate products to ensure that they are technically sound.

### *Meeting with Grantees*

The program field office grants administrator will meet directly with all grantees at least once during the first six months of the grant to provide feedback on the financial and technical reports, to review intermediate products and overall progress, to determine technical assistance needs and to determine if any modifications to the grant are anticipated. Additional meetings will be scheduled, based on the length of the grant and on the adequacy of the financial and technical reports and intermediate grant products received during the first and/or second reporting quarter.

### *Technical Assistance Needs*

The Program field office will coordinate all technical assistance needs for grant program activities.

### *Commodities Management*

Title to property purchased with funds from the small grants program will vest in the grantee. Grantees will be required to report to the grants administrator the purchase of all items with an acquired value of \$1,000 or more and the Program field office grants administrator will ensure that proper authorization from USAID is obtained for the purchase of any restricted or ineligible goods or for the use of unauthorized sources.

### *Payment of Grant Funds*

## DRAFT

- Process

The method by which grant funds will be provided will be specified in a standard provision of the grant document. For grantees with an adequate accounting system, the Program field office will fund the grant through a series of incremental advances. A schedule of disbursements will be developed and included in the grant document. The number of subsequent disbursements will be determined by the overall amount of the grant and by the workplan. All subsequent disbursement(s) will be tied to and dependent upon the completion by the grantee of an important interim benchmark.

- Costs

Grant funds can be used to cover costs incurred during implementation of the grant activity, provided that they are incurred as a result of directly carrying out grant activities and are reasonable, allocable and allowable in accordance with terms of the applicable cost principles. These limitations will be specified in a standard provision of the grant agreement and the program field office will review all financial reports to ensure compliance with this requirement. Any costs found questionable by the field office will be referred to the USAID Contracting Officer to determine whether or not they are allowable. This procedure will be specified in a standard provision of the grant document.

### *Amending Grants*

- Funded Amendments

Under very limited circumstances, grantees may be provided with additional funds over the amount originally obligated. To be considered for additional funding, a grantee must notify the Grants Administrator of the need for additional funding at least 30 days in advance of the date by which additional funds will be required. Additional funds will only be provided through a formal modification to the grant agreement and this procedure will be specified in a standard provision of the grant agreement.

- Non Funded Amendments

All non-funded amendments to grant agreements will be made by an exchange of letters between the grantee and the program field office director. This procedure will be specified in a standard provision of the grant agreement. The grantee will be required to advise the program 30 days in advance if a change in the scope or the objectives of the activity is required or if a change in the

## DRAFT

funding allocated among activity components or budget line items is required. Grantees will be given line-item flexibility of up to 15 percent through an exchange of letters. Furthermore, grantees will also be given written approval to exceed the amount budgeted for any given budget category by 5 percent, provided that another budget category is reduced by the same amount. Deviations in excess of this amount must be approved through a formal modification to the grant agreement. This procedure will be specified in a standard provision to the grant agreement.

### *Terminating Grants*

- Termination for Cause

The program field office grants administrator, in conjunction with the field office director and the program director, may determine during routine grant management that a grant should be terminated for cause because the grantee is unable to implement the activity in accordance with the terms specified in the grant document. Grants will only be terminated for cause after the grants officer and the grantee make at least one attempt to resolve implementation difficulties. The program's authority to terminate a grant for cause, and the criteria that will be used to make such a decision, will be specified in a standard provision of the grant agreement.

- Termination for Convenience

The program grants officer or the grantee may determine during at any point during grant implementation that the grant should be terminated for convenience, in whole or in part. Grants will only be terminated for convenience after the program grants officer and the grantee agree that continuing the grant would not be productive. The program and the grantee's authority to terminate a grant for convenience, and the conditions under which such a decision would be made, will be specified in a standard provision of the grant agreement.

- Notices

All notices given by the program or the grantee must be made in writing and delivered in person, mailed or cabled to the program grant officer or the grantee. This procedure will be specified in a standard provision of the grant agreement.

## **DRAFT**

### **7. Grant Closeout Procedures**

#### *Financial and Technical Reports and Accounting Records*

All final financial and technical reports will be due within 90 days of the completion of the grant. The program field office will be responsible for ensuring the receipt of these reports.

All grantees will be advised of the requirement to keep all financial documentation and records associated with the grant for a period of three years.

#### *Grant Activity Products*

The Program field office and the grantee will meet to review and determine that all grant activities have been completed in accordance with those specified in the grant document. The program field office grants administrator will review all products required by the grant activity to verify that they are complete and of acceptable quality. The field office grants administrator will coordinate technical assistance, if necessary, to improve either the level of completeness or quality of grant activity products.

#### *Budget Reconciliation*

The Program field office will reconcile the grant budget with the grantee and ensure that the grantee refunds any balance of unobligated cash that the Program has advanced or paid and that is not authorized to be retained by the grantee. This procedure will be documented in a standard grant provision of the grant agreement.

The program will not reimburse the grantee for costs incurred in excess of the total amount obligated under the grant and this principle will be documented in a standard grant provision of the grant agreement.

#### *Commodities*

The Program field office will ensure that the grantee accounts for any property acquired with grant funds in accordance with the title provisions of the grant. Grantees will report to the field office the purchase of all property valued at more than \$1,000. The field office will review the plan for the disposition of all items with value of more than \$1,000 and will review and approve an inventory schedule and final disposition plan for all government property.

## **DRAFT**

### **8. Grant Evaluation**

#### *Individual Grants*

Grants will be evaluated to determine whether or not the activities were implemented according to the workplan, achieved their stated objectives and whether or not the approach under consideration represents a viable reform option that will contribute to improved efficiency, equity, or access to health services.

#### *Small Grants Program*

In addition to summarizing the results of individual grant evaluations, the overall evaluation of small grants program will focus on whether or not the program has been successful in funding activities which result in viable options for health care financing or service delivery reform.

## **D R A F T**

### **Annex A** **Criteria for Grantee Financial Management Systems** **Required for Advance Payment**

1. Accurate, current and complete disclosure of the financial results of all federally-sponsored programs (refers to grantee copies of form SF-269, used to report the status of funds for all previous federally funded programs).
2. Records that identify adequately the source and application of funds for federally sponsored activities, including information on obligations, unobligated balances, assets, outlays, income and interest.
3. Effective control over and accountability for all funds, property and other assets. Recipients should be able to adequately safeguard all assets and assure that they are used only for authorized purposes.
4. Comparison of outlays with budget amounts. When possible, financial information should be related to performance and unit cost data.
5. Written procedures to minimize the time elapsing between transfer of funds to the recipient and the issuance of funds for program purposes by the recipient.
6. Written procedures for determining the reasonableness, allocability and allowability of costs in accordance with the provisions of the applicable Federal cost principles and the terms and conditions of the award.
7. Accounting records, including cost accounting records that are supported by source documentation.

## **D R A F T**

### **Annex B Summary of Cost Principles for Non-profit Organizations' Allowable Costs**

1. Advertising Costs - Costs related to the recruitment, procurement of goods, disposal of surplus materials acquired in performance of grant are allowable.
2. Bad Debts - Not allowable.
3. Bid and Proposal Costs -
4. Bonding Costs - Assurance against financial loss to itself or others, are generally allowable
5. Communication Costs - Generally Allowable
6. Compensation for Personal Services - Compensation
7. Contingency Provisions - Generally not allowable, except for self insurance, pension funds and reserves for severance pay.
8. Contributions - Not Allowable
9. Depreciation and Use Allowances -
10. Donations - The value of donated or volunteer services or donated goods and donated use of space is not allowable.
11. Employee morale, health and welfare - The costs of publications, clinics, recreational activities, counseling services and other expenses incurred in accordance with established practices are generally allowable.
12. Entertainment costs - Generally unallowable
13. Equipment and Other Capital Expenditures - Capital expenditures for general purpose equipment, land, building, improvements to land, buildings or equipment which materially increase their value or useful life are generally unallowable. Expenditures for special purpose equipment are allowable as a direct cost.

## **D R A F T**

14. Fines and Penalties - Generally unallowable
15. Fringe Benefits
16. Idle facilities and Idle Capacity - The costs of idle facilities are generally unallowable, except to the extent that they are necessary to meet fluctuations in workload or because they became idle due to program change. The costs of idle capacity are normal costs of doing business and are allowable, provided the capacity is reasonably anticipated to be necessary.
17. Independent research and development
18. Insurance and Indemnification - Costs of insurance maintained pursuant to the grant award or in connection with the general conduct of the organization are generally allowable, but with certain limitations. Losses which could have been covered by permissible insurance are unallowable, except for costs incurred because of losses not covered under nominal deductible insurance, minor losses not covered by insurance.
19. Interest, fund raising and investment management costs - Costs are generally unallowable
20. Labor relations costs - Generally allowable
21. Losses on other awards - Unallowable
22. Maintenance and repair costs - Costs incurred for necessary maintenance, repair or upkeep of buildings and equipment which neither add to the value or the intended life, but keep it in efficient operating condition are allowable.
23. Materials and supplies - Generally allowable. Costs charged as a direct cost should include only those materials and supplies actually used for the performance of the grant and credit should be given for any excess retained or returned.
24. Meetings and conferences - To the extent that these costs are identifiable with a particular cost objective, they should be charged to that objective. Costs of meetings held to conduct the general administration of the organization are allowable.
25. Memberships, subscriptions and professional activity costs - Costs are generally allowable.

## DRAFT

26. Organization costs - Expenditures such as incorporation fees, brokers' fees, fees to management consultants, attorneys, accountants or investment counselors, in connection with the establishment or reorganization of an organization are generally unallowable.
27. Overtime, extra-pay shift - Costs are allowable only when necessary to cope with emergencies, when employees are performing indirect functions (administration, maintenance, accounting), or when incurred in the performance of duties that cannot be interrupted or otherwise completed.
28. Page charges in professional journals - Generally allowable
29. Participant support costs - Direct costs (for stipends, subsistence allowances, travel allowances and registration fees) are generally allowable with prior approval of awarding agency.
30. Patent costs - Costs are generally allowable, provided that they are required by the award.
31. Pension plans -
32. Plant security costs - Generally allowable
33. Preaward costs - Those costs incurred prior to the effective date of the award that are directly pursuant to the negotiation and in anticipation of the award and that are necessary to comply with the proposed grant schedule, are allowable, provided that they would have been allowable if incurred after the date of the award and are specifically approved by the awarding agency.
34. Professional Service costs - Costs are generally allowable, but several factors are relevant. Retainer fees must be supported by evidence that services are available or rendered. Costs of legal, accounting and consulting services incurred in connection with defense of antitrust suits, patent infringement, organization and reorganization are generally unallowable, unless otherwise provided for in the award.
35. Profits and losses on disposition of depreciable property and other capital assets -
36. Public information service costs - Generally allowable as direct costs with prior approval of the awarding agency. Unallowable as indirect costs.

## **D R A F T**

37. Publication and printing costs - Are allowable as direct costs only with the prior approval of the awarding agency. If these costs are not identifiable with a particular cost objective, they should be allocated as indirect costs.
38. Rearrangement and alteration costs - Costs incurred for ordinary or normal rearrangement and alternation of facilities are allowable.
39. Reconversion costs - Costs incurred in the restoration or rehabilitation of the organization's facilities to approximately the same condition existing before the award, excluding fair wear and tear, are allowable.
40. Recruitment costs - Costs are generally allowable.
41. Relocation costs - Costs are generally allowable, except for fees associated with buying a new home, a loss on the sale of a former home, continuing mortgage payments on a home being sold.
42. Rental costs - Costs are generally allowable
43. Royalties and other costs for use of patents and copyrights - Costs are generally allowable unless the government has a license or the right to free use of the patent or copyright, the patent or copyright is invalid, unenforceable or expired.
44. Severance pay - Costs are generally allowable.
45. Specialized service facilities - Costs are generally allowable.
46. Taxes - Costs are generally allowable, except for taxes from which exemptions are available, special assessments for capital improvements and federal income taxes.
47. Termination costs -
48. Training and education costs - Costs of preparation and maintenance of on-the-job, classroom and apprenticeship training are allowable. Costs of part-time education (training materials, textbooks, fees, tuition, salaries of instructors who are employees of the organization, employee compensation) are allowable only when the education is relative to the field in which the employee is now working or may reasonably be expected to work. Costs of full-time education are limited to a total period of one year, must be related to the

## **D R A F T**

field in which the employee is now working or may be expected to work, and must be approved in advance by the awarding institution.

49. Transportation costs - Costs are generally allowable and when such costs can be identified with the item involved they should be directly charged as transportation costs or added to the cost of such items. Where identification with the materials received cannot readily be made, costs should be charged to indirect cost account.
  
50. Travel costs - Costs are generally allowable when they are directly attributable to specific work under an award or are incurred in the specific normal course of administration of the organization. Foreign travel costs are allowable only when the travel has been approved by the awarding agency, and when less than first class air accommodations are used (with certain exceptions).