§ 641.853 How are costs classified?

(a) All costs must be classified as “administrative costs” or “programmatic activity costs.” (OAA § 502(c)(6)).

(b) Recipients and sub-recipients must assign participants’ wage and benefit costs and other participant (enrollee) costs such as supportive services to the programmatic activity cost category. (See §641.864). When a participant’s community service assignment involves functions whose costs are normally classified as administrative costs, compensation provided to the participants must be charged as programmatic activity costs instead of administrative costs, since participant wage and benefit costs are always charged to the programmatic activity cost category.

§ 641.856 What functions and activities constitute administrative costs?

(a) Administrative costs are the costs associated with:

(1) Performing general administrative and coordination functions, including:

(i) Accounting, budgeting, financial, and cash management functions;

(ii) Procurement and purchasing functions;

(iii) Property management functions;

(iv) Personnel management functions;

(v) Payroll functions;

(vi) Coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports;

(vii) Audit functions;

(viii) General legal services functions;

(ix) Developing systems and procedures, including information systems, required for these administrative functions;

(x) Preparing administrative reports; and

(xi) Other activities necessary for general administration of government funds and associated programs.

(b) Administrative costs are the costs associated with:

(1) Performing general administrative and coordination functions, including:

(a) Accounting, budgeting, financial, and cash management functions;

(b) Procurement and purchasing functions;

(c) Property management functions;

(d) Personnel management functions;

(e) Payroll functions;

(f) Coordinating the resolution of findings arising from audits, reviews, investigations, and incident reports;

(g) Audit functions;

(h) General legal services functions;

(i) Developing systems and procedures, including information systems, required for these administrative functions;

(j) Preparing administrative reports; and

(k) Other activities necessary for general administration of government funds and associated programs.

§ 641.859 What other special rules govern the classification of costs as administrative costs or programmatic activity costs?

(a) Recipients and sub-recipients must comply with the special rules for classifying costs as administrative costs or programmatic activity costs set forth in paragraphs (b) through (e) of this section.

(b)(1) Costs of awards by recipients and program operators are solely...