# Appendix E – Overview of Administrative and Budget Narrative Requirements

**Overview of Administrative Requirements**

At a minimum, all subrecipient organizations must meet the Standards for Financial and Program Management found at 2 CFR 200 in the OMB Uniform Guidance, as well as any regulatory requirements related to the funds. Your organization’s financial management system must provide for the following:

1. Tracking spending on multiple individual funding streams

Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal Agency, and name of the pass-through entity (i.e., Partner4Work).

2. Fiscal reporting on an accrual basis

Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in 2 CFR 200.327 Financial Reporting and 200.328 Monitoring and Reporting Program Performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.

3. Maintaining documentation supporting all spending and assets

Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligation, unobligated balances, assets, expenditures, income and interest and be supported by source documentation.

4. Maintaining internal controls that ensure compliance with all funding regulations

Control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See § 200.303 Internal Controls.

5. Producing a budget to actual report

Comparison of expenditures with budget amounts for each Federal award.

6. Processing payments on a reimbursement basis

Written procedures to implement the requirements of § 200.305 Payment.

7. Budgeting and spending funds in allowable cost categories (i.e., direct, indirect, program, and admin costs)

Written procedures for determining the allowability of costs in accordance with Subpart E - Cost Principles of this part and the terms and conditions of the Federal award.

**Budget Narrative Instructions**

The budget narrative must provide a description of costs associated with each line item in the budget template. It should also include a description of leveraged resources provided (as applicable) to support grant activities.

In addition to a description of costs included in each line item on the budget template, please include the following in the budget narrative:

Personnel: List all staff positions by title (both current and proposed). Give the annual salary of each position, the percentage of each position’s time and salary devoted to the project, and the total personnel cost for the period of performance.

Fringe Benefits: Provide a breakdown of the amounts and percentages that comprise fringe benefit costs such as health insurance, FICA, retirement, etc.

Other: Provide clear and specific detail, including costs, for each item so that Partner4Work can determine whether the costs are necessary, reasonable and allocable. List any item not covered elsewhere here.

Indirect Costs: If you include indirect costs in the budget, then include one of the following:

a) If you have a Negotiated Indirect Cost Rate Agreement (NICRA), provide an explanation of how the indirect costs are calculated. This explanation should include which portion of each line item, along with the associated costs, are included in your cost allocation base. Also, provide a current version of the NICRA.

or

b) If you intend to claim indirect costs using the 15 percent de minimis rate, please confirm that your organization meets the requirements as described in 2 CFR 200.414(f). Clearly state that your organization has never received a Negotiated Indirect Cost Rate Agreement (NICRA), and your organization is not one described in Appendix VII of 2 CFR 200, paragraph (D)(1)(b).

Applicants choosing to claim indirect costs using the de minimis rate must use Modified Total Direct Costs (see 2 CFR 200.68 below for definition) as their cost allocation base. Provide an explanation of which portion of each line item, along with the associated costs, are included in your cost allocation base. Note that there are various items not included in the calculation of Modified Total Direct Costs. See below the definitions to assist you in your calculation.

2 CFR 200.68 Modified Total Direct Cost (MTDC) means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first $25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs and the portion of each subaward in excess of $25,000. Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs.

The definition of MTDC in 2 CFR 200.68 no longer allows for any sub-contracts to be included in the calculation. You will also note that participant support costs are not included in modified total direct cost.

2 CFR 200.75 Participant Support Cost means direct costs for items such as stipends, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.

See Section IV.B.4. and Section IV.E.1 for more information. Additionally, the following link contains information regarding the negotiation of Indirect Cost Rates at DOL: <https://www.dol.gov/oasam/boc/dcd/index.htm>