



Financial Budget Definition Reference Guide

The Office of Criminal Justice Services has created a financial budget definition reference guide in accordance with the Code of Federal Regulations (CFR). This is intended to be a general guide.

General Terms:

Allowable Costs:

Costs that are necessary, reasonable, allocable, not prohibited under Federal/State/local laws or regulations. Costs must conform to any limitations set forth in Federal or State laws and comply with the terms and conditions of the Federal or State award, and claimed against only one award.

Audit Requirements:

The standards for obtaining consistency and uniformity among Federal agencies for the audit of non-Federal entities expending Federal awards. For additional information on audit requirements for federal awards, please visit CFR Subpart F—Audit Requirements, section 200.501, Audit Requirements.

Blended Funding:

Funding that combines, or “comingles,” multiple funding streams for one purpose without continuing to differentiate or track individual sources.

Braided Funding:

Funding that pools multiple funding streams to support a service or initiative while separately tracking and reporting on each source of funding. Each individual funding stream maintains its specific program identity

Budget:

The financial plan for the award that the awarding agency or pass-through entity approves during the Federal award process or in subsequent amendments to the Federal award. It may include the Federal and non-Federal share or only the Federal share, as determined by the awarding agency or pass-through entity.

Budget Period:

The time interval from the start date of a funded portion of an award to the end date of that funded portion during which recipients are authorized to expend the funds awarded, including any funds carried forward or other revisions.

Code of Federal Regulations (CFR):

The codification of the general and permanent rules published in the Federal Register by the executive departments and agencies of the Federal Government. For additional information, please refer to the electronic version: <https://www.ecfr.gov/cgi-bin/text-idx?node=2:1.1.2.2.1&rgn=div5>.

Closeout Period:

Grant closeout refers to all applicable administrative actions and all required work of the Federal award have been completed. The closeout period is the 90 days following the expiration of the grant period of performance and consists of the timely submission of all required programmatic and financial reports by the subrecipient and adjustments for remaining amounts due.

Corrective action:

Action taken by the auditee that:

- (1) Corrects identified deficiencies;
- (2) Produces recommended improvements; or
- (3) Demonstrates that audit findings are either invalid or do not warrant auditee action.

Disbursement:

Request for the amount expended for a specific grant funding period.

Internal controls:

- (1) Processes designed and implemented to provide reasonable assurance regarding the achievement of objectives in the following categories:
 - (i) Effectiveness and efficiency of operations;
 - (ii) Reliability of reporting for internal and external use; and
 - (iii) Compliance with applicable laws and regulations.

Match:

Recipient “in kind” or “cash” share of program or activity costs. In kind match include the value of donated services. Cash match includes actual cash spent by the grantee and must have a relationship with the Federal award that is being matched. The match value is defined in each Request for Proposal. Federal requirements around match include:

- (1) Are verifiable from the non-Federal entity's records;
- (2) Are not included as contributions for any other Federal award;
- (3) Are necessary and reasonable for accomplishment of project or program objectives;
- (4) Are allowable under subpart E of this part;
- (5) Are not paid by the Federal Government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost sharing requirements of other Federal programs;
- (6) Are provided for in the approved budget when required by the Federal awarding agency; and
- (7) Conform to other provisions of this part, as applicable.

Pass Through Entity:

A non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Project Period:

Period for which implementation of a project is authorized. The project period may be equal to or longer than the approved budget period but it may not be shorter than the budget period.

Project Income:

The gross income earned by a grantee that is directly generated by a supported activity or earned as a result of the federal award during the period of performance.

Renewal Award:

An award made subsequent to an expiring Federal award for which the start date is contiguous with, or closely follows, the end of the expiring Federal award. A renewal award's start date will begin a distinct period of performance.

Subaward:

An award provided by a pass-through entity to a subrecipient for the subrecipient to carry out part of a Federal award received by the pass-through entity. It does not include payments to a contractor or payments to an individual that is a beneficiary of a Federal program. A subaward may be provided through any form of legal agreement, including an agreement that the pass-through entity considers a contract.

Subrecipient:

An entity, usually but not limited to non-Federal entities that receive a subaward from a pass-through entity to carry out part of a Federal award; but does not include an individual that is a beneficiary of such award. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

Unallowable Cost:

Costs not allowed under Federal or State programs including, but not limited to lobbying, land acquisition, fund raising, entertainment, contingencies, and alcoholic beverages.

Unauthorized Cost:

Costs are not authorized when there is no consent from OCJS to incur costs, not included in the approved budget, or those costs occur before or after the grant award period.

Unsupported Cost:

Costs which do not contain adequate documentation to support work performed or costs charged to the Federal award.

2. Direct Costs

Direct Costs:

Any cost that can be specifically identified with a particular project, program, or activity or that can be directly assigned to such activities relatively easily. Direct costs include, but are not limited to, salaries, travel, equipment, and supplies directly benefiting the grant-supported project or activity.

Personnel

Payments of salaries, wages, overtime, and payroll taxes including FICA for direct employees of the organization implementing the grant. For personnel costs associated with an individual not directly employed by the implementing organization, please place costs in under the contractual category.

Fringe Benefits

Payments of fringe benefits such as medical/dental/vision benefits, supplements, retirement match, etc. for direct employees of the organization implementing the grant. The percentage of salary or cost of each fringe benefit for each employee must be provided. Any percentage over 35% must include a justification in the budget narrative.

Travel

Payments associated with travel including mileage, lodging, or meals. These costs cannot exceed the State of Ohio rates established by the Office of Business and Management in the Ohio Administrative Rule 126-1-02. Please visit <https://obm.ohio.gov/wps/portal/gov/obm/areas-of-interest/obm-shared-services/travel-and-expense-reimbursements> for exact rates. Travel costs are only reimbursable by direct employees of the organization implementing the grant and listed in the personnel section of the approved budget. Travel costs associated with consultants must be included in the contractual category. In order to request reimbursement for travel costs, a travel policy must be on file with the subrecipient.

A travel per diem rate is the maximum allowance subrecipients are permitted to bill federal or state grants. The Ohio Office of Budget and Management Travel Rule governs the rates and requirements for payment reimbursement of travel expenses. For travel per diem costs, this includes the maximum rates for lodging and meals. The per diem rate for meal purchases does not include the purchase of alcohol or tips.

Equipment

Computer/Equipment: Equipment will include tangible personal property items with a useful life of one year or more needed to complete a program or activity associated with a grant. Any use of funds for equipment, computers, or computer software must include a justification for how the item/s contribute to the program or activity. When the equipment is no longer needed, please contact OCJS Grants Administration for disposition instructions. Each individual piece of equipment must be tagged separately from other assets with the subrecipient name and

Equipment that is leased or rented should appear under contracts since it is not a purchase.

Each grantee should have a capital asset policy which determines if the local entity has a policy threshold that differs than the Feds threshold (i.e. \$5,000) for what is deemed equipment versus a supply. The policy would be submitted with the grant budget request to ensure that the local entity follows their own protocols and adheres to their own policy for all related equipment purchases.

All equipment purchased should be logged in an Equipment Inventory Report submitted with the final Quarterly Summary Report. The Equipment Inventory Report may be accessed at https://www.ocjs.ohio.gov/grant_forms.stm#gsc.tab=0

Furniture: Payments for the purchase of any new or used furniture must be justified in terms of the relationship between the item and the program or activity.

Supplies

Essential tangible property that is expendable and consumable, not included within the equipment category, needed to fulfill the scope of work of a grant including programs, activities, and daily business. Items in this category may include, but are not limited to: office supplies and personal protective equipment.

Consultants/Contracts

Payments for goods, equipment leases or rentals, and professional services rendered by companies or individuals not directly employed by the implementing organization, including consultant fees (not to exceed &). Maximum daily consultant fee is \$650 per day. Maximum hourly rate is \$81.25. For additional information regarding this rate, please visit <https://www.opm.gov/policy-data-oversight/pay-leave/pay-administration/fact-sheets/expert-and-consultant-pay/>

Contract is a legal instrument by which a recipient or subrecipient purchases property or services needed to carry out the project or program under a Federal award.

Confidential Funds

Confidential funds include dollars used to purchase specific services, evidence, or information and are only permissible when the merit of a program/investigation warrants the use of these funds and when no other funds are available. Each Project Director involved with the use of confidential funds must provide signed certification to show that s/he has read, understood, and agrees to abide by the conditions for the use of confidential funds through the United States Department of Justice. The confidential funds form may be found at https://www.ocjs.ohio.gov/grant_forms.stm#gsc.tab=0

Other:

- A. Allowable costs that are not included in other line item budget categories including but not limited to: conferences, workshops, printing, postage, subscriptions, publications, hotlines, costs associated with clients' assistance such as transportation, and rent for office space may be included in this category. Examples of allowable costs include but are not limited to:
 - Background checks
 - Survivor identification documents
 - Internet access
- B. If an organization owns their building, a proportionate amount of cost ownership may be charged including maintenance, insurance, and depreciation however; mortgage, interest, and taxes may not be charged. This does not include renovation, remodeling, or construction.

Audit costs are an allowable expense in the other category if \$750,000 in federal funds is expended during the fiscal year.

3. Indirect Costs

Indirect Costs:

The expenses of doing business that are not readily identified with a particular grant, contract, project function or activity, but are necessary for the general operation of the organization and the conduct of activities it performs including operating and maintaining facilities and general administration. If an organization has a federally approved indirect cost rate over 10%, include the federal letter with the grant application submission. Information about the DOJ federal indirect cost negotiation process can be found at: <https://www.ojp.gov/sites/g/files/xyckuh241/files/media/document/idccertification.pdf>

An award recipient that proposes to use federal grant funds to pay for indirect costs but has never received a federally negotiated indirect **cost rate** may elect to charge a **de Minimis rate** of up to 10% of its modified total direct costs (MTDC) which may be used indefinitely.

For additional information for Department of Justice grants, please refer to the Department of Justice Grants Financial Guide

<https://www.ojp.gov/funding/financialguidedoj/overview>.

For additional information for Health and Human Services grants, please refer to the Office of Finance

<https://www.hhs.gov/about/agencies/asfr/finance/index.html>.