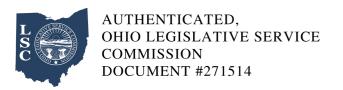


Ohio Administrative Code Rule 3704-2-06 Project costs.

Effective: July 1, 2000

- (A) "Allowable costs" are the expenses for budgeted line items that have been approved by the commission and that are allowable by the state granting authority. Allowable project costs must:
- (1) Be necessary and reasonable for proper and efficient administration of the project, be allocable, and except as specifically provided, not be a general expense required to carry out the overall expense of the grantee;
- (2) Be authorized or not prohibited under state or local laws or regulations;
- (3) Be consistent with other policies, regulations, and procedures that apply to other activities of the grantee agency;
- (4) Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances; and
- (5) Not be allocable to or included as a cost of any other state or federally financed program in the current or prior period.
- (B) Personnel costs are allowable project expenses under commission grants. Project funds may be used to compensate employees for the time devoted specifically to execution of grant programs. "Employees" constitute those individuals who are entered into the agency employment system, are receiving fringe benefits provided to grantee agency employees, are eligible to participate in the agency retirement program and are subject to grantee agency employment rules and policies.
- (C) Compensation for project employees shall include all remuneration paid currently or accrued for services rendered during the period of performance under the grant agreement including wages, salaries, supplementary compensation and benefits. Compensation for project employees shall be considered reasonable to the extent that it is consistent with that paid for similar work in other



activities of the grantee agency. The commission reserves the right to disapprove the use of project funds for any employee benefit included in the budget request if, in the commission's opinion, the benefit is inconsistent with allowable cost requirements.

- (D) Individuals providing services under personal service contracts that do not meet the conditions of paragraph (B) of this rule are considered as contract employees. All contracts and subcontracts entered into by the grantee agency with project funds shall contain all of the following:
- (1) Clear and unambiguous provisions sufficient to define a sound and complete agreement;
- (2) Provisions or conditions for administrative, contractual or legal remedies if the contractor violates or breaches terms of the contract:
- (3) Suitable provisions for termination of the contract by the grantee agency, including but not limited to the manner of termination and the basis for settlement; and
- (4) A description of conditions for termination for default and circumstances beyond the control of the contractor.
- (E) Travel costs are allowable expenses and include transportation, lodging, subsistence and related items incurred by project employees under this rule. Contractual employees are eligible for travel reimbursement; however, the terms for reimbursement shall be included in the contractual agreement. Costs shall be budgeted and reported under contractual expenses.
- (1) Costs may be charged on an actual basis, per diem or mileage basis in lieu of actual costs incurred, provided the method used results in charges consistent with those normally allowed in like circumstances for nongrant activities.
- (2) Travel costs are allowable for client transportation when necessary to meet project objectives.
- (3) Project funds shall not be utilized for any expenses related to out-of-state travel.
- (F) "Indirect costs" or administrative funds are those incurred for a common project purpose



benefiting more than one cost objective.

- (1) Project administrative/indirect costs apply to costs originating in the grantee agency for providing goods, equipment and services necessary to support the project and include but not limited to rent, utilities, supplies, bookkeeping services and management.
- (2) The commission shall set a fixed administrative/indirect cost applicable to all grantees.
- (G) A budget revision may be submitted to the commission to revise an existing project budget. When approved by the director of the commission, the revised budget supersedes the existing budget. All approvals shall be in writing. A budget revision will be submitted for:
- (1) Administrative/indirect costs-once approved may be decreased but not increased;
- (2) A decrease in the grant award or total project budget;
- (3) Additional line items to the project budget;
- (4) A transfer of funds between budgeted line items; or
- (5) A change in the quarterly distribution of project funds.
- (a) Project expenditures shall not be allowed when the budget revision request is submitted after the expenditure is made.
- (b) Budget revisions must be received at least forty-five days before the end of the quarter. Projects are limited to one budget revision a quarter unless acceptable justification can be provided.
- (c) Approval of the budget revision shall be acknowledged by return of a copy of the request form, with the budget revision number entered and signed by the director of the commission.
- (d) A notice of rejection of a budget revision request shall be provided by an explanatory letter from the commission.