Department of Behavioral Health

TRANSMITTAL LETTER

SUBJECT SAMSHA Cost Accounting Requirements		
POLICY NUMBER 920.1	DATE JUL 2 8 2021	TL# 333

Purpose. To establish policy and procedures for adhering to the Substance Abuse and Mental Health Services Administration (SAMHSA) cost accounting requirements as defined in 45 CFR Part 75.414.

Applicability. Applies to all DBH subgrantee solicitation and awards and all Office of Contracting and Procurement solicitation and contracts funded by the SAMSHA

Policy Clearance. Reviewed by affected responsible staff and cleared through appropriate Behavioral Health Authority offices.

Effective Date. This policy is effective immediately.

Superseded Policy. None

Distribution. This policy will be posted on the DBH website at www.dbh.dc.gov. The Microsoft Word version of this policy is available upon request from the Strategic Management and Policy Division by emailing Keri Nash at keri.nash@dc.gov.

Barbara J. Bazron

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Director, DBH

GOVERNMENT OF THE DISTRICT OF COLUMBIA DEPARTMENT OF BEHAVIORAL HEALTH	Policy No. 920.1	Date JUL 28 2021	Page 1
	Supersedes None		

Subject: SAMSHA Cost Accounting Requirements

1. **Purpose**. To establish policy and procedures for adhering to the Substance Abuse and Mental Health Services Administration (SAMHSA) cost accounting requirements as defined in 45 CFR Part 75.414.

2. **Applicability**. Applies to all DBH subgrantee solicitation and awards and all Office of Contracts and Procurement solicitation and contracts funded by the SAMSHA

3. **Authority.** The Department of Behavioral Health Establishment Act, D.C. Code §§ 7-1141.01 *et seq.*

4. **Background.**

The Department of Behavioral Health is strengthening policies and procedures to improve its fiscal, administrative, and programmatic oversight of grant recipients of federal funds through solicitation and subgrant awards directly from DBH or through solicitation and contract awards by the District of Columbia Office of Contracting and Procurement (OCP). This process will include more clearly defined cost accounting requirements for subrecipients and required training and reporting for internal and external partners on the fiscal requirements of the subaward.

5. **Definitions.**

5a. **Contract** means a legal instrument by which a non-Federal entity purchases property or services needed to carry out the project or program under a Federal award. The term as used in this part does not include a legal instrument, even if the non-Federal entity considers it a contract when the substance of the transaction meets the definition of a Federal award or subaward (see Subaward).

5b. **Contractor** means an entity that receives a contract as defined in *Contract*.

5c. **Pass-through entity** means a non-Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

5d. **Subaward** means 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 contactor 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.

5e. **Subrecipient** means a non-Federal entity that receives a subaward from a pass-through entity to carry out part of a Federal program; but does not include an individual that is a beneficiary of such program. A subrecipient may also be a recipient of other Federal awards directly from a Federal awarding agency.

6. **Policy.**

6a. All DBH subgrant awards must include the following language in the Terms and Conditions:

Indirect (F&A) Costs.

Facilities and Administration Classification. For major IHEs and major nonprofit organizations, indirect (F&A) costs must be classified within two broad categories: "Facilities" and "Administration." "Facilities" is defined as depreciation on buildings, equipment and capital improvement, interest on debt associated with certain buildings, equipment and capital improvements, and operations and maintenance expenses. "Administration" is defined as general administration and general expenses such as the director's office, accounting, personnel, and all other types of expenditures not listed specifically under one of the subcategories of "Facilities" (including cross allocations from other pools, where applicable).

Identification with a Federal award rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect (F&A) costs of Federal awards. However, typical examples of indirect (F&A) cost for many nonprofit organizations may include depreciation on buildings and equipment, the costs of operating and maintaining facilities, and general administration and general expenses, such as the salaries and expenses of executive officers, personnel administration, and accounting.

Any non-Federal entity that has never received a negotiated indirect cost rate, may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. As described in 45 CFR§ 75.403, costs must be consistently charged as either indirect or direct costs but may not be double charged or inconsistently charged as both. If chosen, this methodology once elected must be used consistently for all Federal awards until such time as a non-Federal entity chooses to negotiate for a rate, which the non-Federal entity may apply to do at any time.

Any non-Federal entity that has a current federally negotiated indirect cost rate may apply for a one-time extension of the rates in that agreement for a period of up to four years. This extension will be subject to the review and approval of the cognizant agency for indirect costs. If an extension is granted the non-Federal entity may not request a rate review until the extension period ends. At the end of the 4-year extension, the non-Federal entity must re-apply to negotiate a rate. Subsequent one-time extensions (up to four years) are permitted if a renegotiation is completed between each extension request.

6b. All contracts awarded by the Office of Contracting and Procurement must include the following language.

SAMHSA Cost Accounting Requirements

This contract is awarded under a Substance Abuse and Mental Health Services Administration (SAMHSA) grant. Unless exempt under Title 45 CRF Part 75, this contract is subject to the administrative requirements, cost principles and audit requirements that govern Federal monies associated with this award as stated in Title 45 CFR Part 75. For purposes of Subpart E, Cost Principles, Indirect (F&A) Cost, the contractor is required to comply with the accounting, cost rate proposal and cost allocation plan requirements for facilities and administration costs as specified in §75.414.

In order to receive an award under this grant, the contractor is required to comply with §75.414, which includes a requirement for either a) federally approved indirect cost rates or b) indirect cost rates as negotiated under §75.414(f). Pursuant to §75.414(f), any contractor that has never received a negotiated indirect cost rate may elect to charge a de minimis rate of 10% of modified total direct costs (MTDC) which may be used indefinitely. The Contractor shall submit as part of its proposal an itemized budget and narrative describing in detail the direct and indirect rates and costs proposed for this work effort.

The Contractor shall support the grantee's federal financial reporting requirements for SAMHSA Federal Financial Report SF-245 on an annual basis, submitted no later than 60 days after the end of the budget period. The contractor may be subject to audit pursuant §75.501(f) and shall comply with the requirements therein.

7. **Procedures.**

7a. The DBH Grants Management Office is responsible for ensuring that definition of indirect costs is included in all grant awards.

7b. The OCP Contracting Officer is responsible for ensuring that the language governing indirect costs is included in the contract agreement.

8. **Training.**

DBH shall:

(1) Conduct training for DBH staff, sub-grantees, and contractors on SAMSHA cost accounting requirements which identify indirect costs and reporting requirements, and

(2) Monitor the implementation of this policy through the Grants Management Office.

9. **Reporting Requirements**

The DBH Grants Management Office is responsible for ensuring adherence to all SAMHSA reporting requirements.

Approved By:

Barbara J. Bazron, Ph.D.
Director, DBH

Barbara J. Bazron July 28, 2021
(Signature) **(Date)**