



# **Subpart A**

# **Financial**

# **Requirements**

## **Standard Operating**

## **Procedures**

*Aligned with the 2016 Head Start  
Program Performance Standards  
(Standards 1303.1 – 1303.5)*

*Revision 12/8/2020*



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## **FINANCIAL AND ADMINISTRATIVE REQUIREMENTS – (Standard 1303)**

### **OVERVIEW (Standard 1303.1)**

**Section 641A of the Act requires that the Secretary modify as necessary program performance standards including administrative and financial standards (section 641(a)(1)(C)). This part specifies the financial and administrative requirements of agencies. Subpart A of this part outlines the financial requirements consistent with section 640(b) and (c) of the Act. Subpart B of this part specifies the administrative requirements consistent with sections 644(a)(1), 644(e), 653, 654, 655, 656, and 657A of the Act. Subpart C of this part implements the statutory provision at section 641A(b)(4) of the Act that directs the Secretary to ensure the confidentiality of any personally identifiable information, and records collected or maintained. Subpart D of this part prescribes regulations for the operation of delegate agencies consistent with Section 641(A)(d). Subpart E of this part implements the statutory requirements 644(c), (f) and (g) related to facilities. Subpart F prescribes regulations on transportation consistent with section 640(i) of the Act.**

### **PROCEDURES**

1. The Head Start and Early Head Start Programs implement administrative and financial standards including Subpart A, B, C, D, E, and F of Section 1303 of the Head Start Performance Standards according to the applicable regulations located within the Act, the OMBs and within the standards.

## **SUBPART A – FINANCIAL REQUIREMENTS (Standard 1303.2)**

### **PURPOSE (Standards 1303.2)**

This subpart establishes regulations applicable to program administration and grants management for all grants under the Act.

### **PROCEDURES**

1. The Program establishes regulations for program administration and grants management for all grants that adhere to the Act.
2. See Agency Documents for regulations on program administration and grants management as well as the CSNT Financial and Accounting Policies and Procedures.

### **OTHER REQUIREMENTS (Standards 1303.3)**

The following chart includes HHS regulations that apply to all grants made under the Act.

<b>Cite</b>	<b>Title</b>
<b>45 CFR part 16</b>	<b>Department grant appeals process</b>
<b>45 CFR part 30</b>	<b>HHS Standards and Procedures for Claims collection</b>
<b>45 CFR part 46</b>	<b>Protection of human subjects</b>
<b>45 CFR part 75</b>	<b>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</b>
<b>45 CFR part 80</b>	<b>Nondiscrimination under programs receiving federal assistance through the Department of Health and Human Services – Effectuation of title VI and VII of the Civil Rights Act of 1964</b>
<b>45 CFR part 81</b>	<b>Practice and procedure for hearings under part 80</b>
<b>45 CFR part 84</b>	<b>Nondiscrimination on the basis of handicap in federally assisted programs</b>
<b>45 CFR part 87</b>	<b>Equal Treatment of faith-based organizations</b>
<b>45 CFR part 170</b>	<b>FFATA Sub-award and executive compensation</b>
<b>45 CFR part 25, 110</b>	<b>CCR/DUNS requirement</b>

### **PROCEDURES**

1. The Program establishes regulations for program administration and grants management for all grants that adhere to the Act and all HHS regulations.

### **FEDERAL FINANCIAL ASSISTANCE, NON-FEDERAL MATCH, AND WAIVER REQUIREMENTS (Standards 1303.4)**

In accordance with section 640(b) of the Act, federal assistance to a grantee will not exceed 80 percent of the approved total program costs. A grantee must contribute 20 percent as non-federal match each budget period. The responsible HHS official may approve a waiver of all or a portion of the non-federal match requirement on the basis of the grantee's written application submitted for the budget period and any supporting evidence the responsible HHS official requires. In deciding whether to grant a waiver, the responsible HHS official will consider the circumstances specified in section 640(b) of the Act and whether the grantee has made reasonable effort to comply with the non-federal match requirement.

## **PROCEDURES**

1. The Program documents monthly NFS collected throughout the budget period. If data indicates the Agency will collect less than the 20% NFS required, the Agency will request a waiver per the instructions given in the HSPPS.

## **LIMITATIONS ON DEVELOPMENT AND ADMINISTRATIVE COSTS. (Standards 1303.5)**

### **(a) Limitations.**

**(1) Costs to develop and administer a program cannot be excessive or exceed 15 percent of the total approved program costs. Allowable costs to develop and administer a Head Start program cannot exceed 15 percent of the total approved program costs, which includes both federal costs and non-federal match, unless the responsible HHS official grants a waiver under paragraph (b) of this section that approves a higher percentage in order to carry out the purpose of the Act.**

**(2) To assess total program costs and determine whether a grantee meets the requirement, the grantee must:**

**(i) Determine the costs to develop and administer its program, including the local costs of necessary resources;**

**(ii) Categorize total costs to developmental and administrative or program costs;**

**(iii) Identify and allocate the portion of dual benefit costs that are for development and administration;**

**(iv) Identify and allocate the portion of indirect costs that are for development and administration versus program costs; and,**

**(v) Delineate all development and administrative costs in the grant application and calculate the percentage of total approved costs allocated to development and administration.**

### **(b) Waivers.**

- (1) The responsible HHS official may grant a waiver for each budget period if a delay or disruption of program services is caused by circumstances beyond the agency's control, or if an agency is unable to administer the program within the 15 percent limitation and if the agency can demonstrate efforts to reduce its development and administrative costs.**
  
- (2) If at any time within the grant funding cycle, a grantee estimates development and administration costs will exceed 15 percent of total approved costs, it must submit a waiver request to the responsible HHS official that explains why costs exceed the limit, that indicates the time period the waiver will cover, and that describes what the grantee will do to reduce its development and administrative costs to comply with the 15 percent limit after the waiver period.**

## **PROCEDURES**

1. The Program tracks the 15% administrative costs limitation during budget planning and the grant application process. The Finance Director and the Head Start Director work together to estimate the 15% costs each budget year after all of the budget costs have been estimated.
2. The Program monitors the 15% administrative costs on the Monthly Head Start Director Report presented to the Board and Policy Council Monthly.
3. See the Agency Finance Manual for policies and procedures on implementation of the 15% administrative costs requirements and tracking the costs within the database system.