

Introduction

The Tennessee Department of Human Services must establish policies regarding the fiscal responsibilities of CSBG eligible entities to ensure the effective delivery of the Community Services Block Grant (CSBG).

Scope

The Department of Human Services requires CSBG Eligible Entities to follow designated fiscal responsibilities regarding principles from [2 CFR Part 200](#) for cost allocation plans and indirect cost rate, as well as the monthly invoicing process for reimbursement of services provided through the grant contract. In accordance with the CSBG Act, Organizational Standard 8.12, and the Uniform Guidance 2 CFR Part 200, CSBG Eligible Entities will be subject to the determined indirect cost rate, cost allocation plan, or current De Minimis rate when developing an annual CSBG budget, expending funds according to that budget, and in any modification of that budget.

Policy

A. Cost Allocation Plan and Indirect Cost Rate

CSBG Eligible Entities are required to confirm their cognizant agency at the beginning of each contract year. Through the Community Action Plan submission process, all agencies must either confirm there are no changes to their cost allocation plan, indirect cost rate, or use of the de minimis rate from the previous year or submit documentation of the new plan and/or indirect cost rate.

1. Per [Tennessee Central Procurement Office Policy 2013-007](#):
 - a. The cost allocation plan should be approved by the agency's largest grant funder (cognizant agency).
 - b. The indirect cost rate should be negotiated with the agency's largest grant funder (cognizant agency). [CSBG IM #20](#) discusses indirect cost rate principles.
2. If the agency determines that the Tennessee Department of Human Services is the cognizant agency, all documents must be submitted ninety (90) days ahead of the new contract year for review and approval.
 - If TDHS is not the cognizant agency, all documents are still required to be submitted per the Grant Contract. State CSBG Office staff will provide an approval of receipt of the documents. No approval letter or determination regarding the content of the documents will be provided unless TDHS is the cognizant agency.

B. Monthly Expenditures (Invoices)

All invoices shall be submitted to the State using the state authorized invoicing procedures within thirty (30) days after the end of the calendar month in which subject costs incurred or services were rendered by the agency to CSBG.DHS.Invoices@tn.gov.

1. Invoices must be signed by the CAA authorized signatory or the authorized signatory designee, as designated on the Authorized Signatory Form.
 - If there is a change during the Term to the invoice designee, the Grantee shall submit the name of a new designee to the State for training and technical assistance prior to submission of the next invoice.

2. A line-item budget is required as part of the contracting process, ahead of a new contract year. The agency will submit an expanded budget for all CSBG domains as part of the Community Action Planning process.
3. Should an agency need to move funds on the invoice document, either a budget revision or a budget modification is required. As stated in the CSBG Grant Contract, a CAA shall put financial and budgetary best practices in place to limit budget revisions to four (4) per year. If the grantee exceeds this amount of budget revisions, the grantee will be obligated to attend a mandatory training with DHS to assist in creating a sustainable budget.
 - a. Budget Revision: Moving funds from one line item to a new line item. A budget revision requires approval from the State Office CSBG Program Director.
 - b. Budget Modification: Moving funds from one domain to a new domain in the same line item. A budget modification does not require additional approval.

Supporting Documents

[CAPLAW Cost Allocation Toolkit](#)

[CPO Policy 2013-007](#)

[CSBG IM #20 A Discussion of Indirect Cost Rate Principles](#)

[2 CFR Part 200](#)

Definitions/Acronyms

| Term | Definition |
|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Budget Revision | The process of moving funds from one line item to a new line item on the CSBG Invoice Document. |
| Budget Modification | The process of moving funds from one domain to a new domain in the same line item on the CSBG Invoice Document. |
| CAA | Community Action Agency |
| Cognizant Agency | The State Agency whose funds comprise the greatest percentage of Grants received by a Grantee as determined by the Central Procurement Office. |
| Cost Allocation Plan | The documented methodology of distributing to the benefitted program cost which benefit more than one program or cost objective and can not be directly assigned to a specific award or activity. |
| CSBG | Community Services Block Grant |

Supersedes

Community Services Block Grant (CSBG) Policy & Procedure Manual, effective date 10/1/23

Section 5: Grant Administration and Monitoring, Fiscal Review, pg. 50

Approval History

| Approved By | Approver Title | Approved Date | Effective Date |
|--------------------|----------------|---------------|----------------|
| Clarence H. Carter | Commissioner | 05/25/2025 | 10/01/2025 |

Revision History

| Date | Version | Location of Change | Description/Reason for Change |
|------------|------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 05/25/2025 | 10/01/2025 | Policy Section | This policy was developed to segment from the CSBG Policy and Procedure Manual to an individual policy document. Added language for Cost Allocation Plan and Indirect Cost Rate section. Added language to Monthly Expenditure section to be more comprehensive of current practices. |

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| Approved By | <i>Clarence H. Carter</i> | Approval Date | 05/25/2025 |
| Authority | 45 C.F.R. § 96.30, .31 2 CFR Part 200. | Effective Date | 10/01/2025 |
| Application | CSBG Eligible Entities | | |