

Fiscal Glossary

Administrative Cost Limitation: Organization-wide costs related to management functions, including: planning, accounting, personnel management, and other administrative duties. These costs do not relate to the provision of program services and must not exceed 15 percent of the total Head Start program budget (federal plus non-federal share).

Capital Budget: An estimate of the capital needs of a project, such as for new equipment, unusual repairs, or additional property.

Cash Flow Projections: A key aspect of financial management that involves a forecast of the cash a business expects to receive and disburse during a given time period.

Cost Allocation: The process of assigning to two or more programs the costs of a shared item so that each program bears its fair share, and only its fair share, of the total cost of the item.

Disallowed Costs: Those costs that the Administration for Children and Families (ACF) determines to be unallowable to the Head Start grant, in accordance with the applicable federal cost principles or other terms and conditions contained in the award.

Federal Cost Principles: Standards developed by the federal Office of Management and Budget (OMB) that determine the allowable costs by non-federal organizations receiving federal funds. To be allowable under an award, a cost must be reasonable and necessary for the performance of the project and be allocable to the award. See 2 CFR Parts 220, 225, and 230.

Indirect Costs: Costs of a Head Start agency which are not readily identifiable with a particular project or program but that nevertheless are necessary to the general operation of the agency and the conduct of its activities. Indirect costs may include the cost of a single organization-wide audit. They may be classified as administrative or program costs, but are usually categorized as administrative. See 45 CFR 1301.2(j).

In-Kind Match: Property, goods, or services that benefit a grant-supported project or program and are contributed by non-federal third parties without charge to the grantee. In-kind contributions may consist of the value of real property, equipment, goods, and services directly benefiting the grant program and specifically identifiable to it. In-kind match is counted for the period when the services are provided or when the donated goods are received and used.

Internal Controls: A process designed to provide reasonable assurance that financial transactions are properly recorded and presented, funds and assets are protected, and transactions are executed in compliance with laws and regulations.

Non-Federal Share Match: A statutory requirement of the Head Start Act stating that the grantee agency must provide 20 percent of the total costs of the Head Start program unless a waiver has been granted. This share can be in the form of in-kind donations or cash match received from third parties or contributed by the agency. In-kind contributions must be provided and cash expended during the project period along with federal funds to satisfy the matching requirements. See Section 640(b) of the Head Start Act.

Operating Budget: An estimate of the size and sources of future income and the amounts and types of future expenses necessary for the day-to-day operation of a business or project.

Program Costs: Costs incurred in accordance with an approved Head Start budget and that directly relate to the provision of program services. See 45 CFR Part 1304.

Segregation of Duties: An internal control method used to assure that no financial transaction is handled by only one person from beginning to end. This protects against fraud and the allegations of fraud at the program and individual levels.

Total Approved Costs: The sum of all costs of the Head Start program approved for a given budget period. Total approved costs consist of the federal share plus any approved non-federal share.