In 2017, the Office of Inspector General (OIG) completed an audit of costs claimed by the State of Connecticut’s Department of Economic and Community Development (DECD) on NPS Grant No. P13AF00113 for $8,014,769, awarded under the Disaster Relief Appropriations Act of 2013 (Hurricane Sandy Relief, Public Law 113-2). During the audit, OIG auditors found that STLPG staff encountered difficulties in defining, and as a result monitoring, administrative costs. As a result, we developed a clear definition of administrative costs. The “revised” definition below is effective immediately and supersedes all “previous” definitions published in the HPF Grants Manual and in HPF Grants Training materials. The next update of the Grants Manual will reflect these changes as detailed below, but until this is complete, State and Tribal Historic Preservation Officers should ensure that all guidance under their command related to administrative costs reflects the revised definition.

**HPF MANUAL CHANGE**

Chapter 7 Exhibit 7-B “Additional Instructions for the SF 424-A” Section B

**Previous Language:**
A. Definition. 1. Administrative costs. Costs incurred when accomplishing activity directly pertinent to budget formulation and execution, personnel management, finance, property management, equal opportunity and other “overhead” functions not directly attributable to specific program areas.”

**Revised definition:**
A. Definition. 1. Administrative costs. Allowable, reasonable, and allocable costs related to the overall management of activities directly related to finance (accounting, auditing, budgeting, contracting), general administrative salaries and wages (grant administration, personnel, property management, equal opportunity) and other “overhead” functions (general legal services, general liability insurance, depreciation on buildings and equipment, etc.) not directly attributable to specific program areas identified in the grant agreement. All administrative costs reported must be absolutely necessary for project and/or program implementation, such as the cost items identified in the final grant agreement or items otherwise approved in writing by the NPS Awarding Officer (AO).