



**State of South Carolina**  
**Office of the Governor**

MARK SANFORD  
GOVERNOR

OFFICE OF EXECUTIVE  
POLICY AND PROGRAMS

**FISCAL/TECHNICAL**

**ASSISTANCE MEMORANDUM F-ESG-07 02**

**TO:** ESG Subgrantee Executive Directors  
**FROM:** Arlene Williams, Senior Manager of Fiscal Services  
**SUBJECT:** Rent, Insurance, Contractual Services and Cost Allocation Procedures  
**DATE:** July 1, 2007

The Office of Economic Opportunity (OEO), the administering agent of Emergency Shelter Grant (ESG) federal funds, is responsible for providing procedural guidance and advising subgrantees of requirements. The following information is provided to insure proper execution of procurements with OEO awarded grants regarding rent, insurance, contractual services and cost allocation.

**Rent:** Space used by the subgrantee for ESG administrative or program activities:

- May be charged in a cost allocation basis to the Operational Expenses category in accordance with program requirements.
- Must be reasonable and comparable to other available properties in the same market area with written rental and/or lease agreements submitted to OEO with supporting documentation.

**Insurance:** Agencies are responsible for maintaining adequate insurance coverage based on sound business practices, including workers' compensation, liability and other insurance as appropriate and/or dictated by specific program requirements.

- Fidelity coverage is recommended to insure against financial loss.
- Agencies obtaining insurance during an ESG grant period must follow the procurement guidelines outlined in Fiscal/Technical Assistance Memo F02-01 or provide a statement from the agent regarding the search and obtainment of insurance as a sole source justification.
- Agencies with preexisting insurance coverage may charge installment payments covering periods within the ESG award with an approved budget.

**Contractual (Professional) Services:** Cost for contractual (professional) and consultant services rendered by a person who possesses a special skill (excluding maintenance or repair agreements) and who is not an officer or employee of the agency:

- Must be obtained according to the procurement guidelines outlined in Fiscal/Technical Assistance Memo F-02-01 and be reasonable in relation to the service.
- Must be necessary to contract for the service, considering agency's capabilities to render the service.
- Must show how the service was accomplished in prior grant periods.
- Must show whether the service can be performed more economically through contracting rather than by existing employees.
- Supporting documentation of the contract should support all of the above.

**Cost Allocation:** Cost allocation procedures must be implemented when direct costs benefit more than one program (grant). Several methods of allocating costs should be reviewed to determine the fairest and easiest methods to administer cost to each category. Adequate documentation supporting the cost allocation method used must accompany the procurement.

If you have any questions, please call me at (803) 734-9828.

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