



North Carolina
Department of Commerce
Division of Community Assistance

Beverly Eaves Perdue, Governor
J. Keith Crisco, Secretary

Henry C. McKoy, Asst. Secretary
Gloria Nance-Sims, Director

BULLETIN: 10-19 (Replaces 89-1)
SUBJECT: Unallowable Costs as a Result of Failure to Insure
DATE REVISED: September 27, 2010
ATTENTION: CDBG Recipients

Grantees are required to protect Community Development Block Grant (CDBG) funds by obtaining insurance on an employee charged with the disbursement of the funds. OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, Attachment B, C. 4(d) specifies that losses which could have been covered by permissible insurance are unallowable unless expressly provided for in the CDBG Grant Agreement. In cases that involve insurable losses, the Division of Community Assistance (DCA) expects adequate insurance to be in force to cover losses that may occur.

Grantees are advised that the cost of insurance in accordance with the above circular is an allowable administration cost.

Please address any questions or need for additional information to your grant Program Representative.

Issued By: *Gloria Nance-Sims* 09/27/2010
Gloria Nance-Sims, Director Date