A-122 FEDERAL COST PRINCIPLES

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OMB Circulars

- A-122 applies to non-profit organizations

  http://www.whitehouse.gov/omb/circulars_a122_2004/

- A-87 applies to commercial organizations, state, local, or federal recognized Indian tribal government

http://www.whitehouse.gov/omb/circulars_a087_2004/

Allowable Costs

Reasonable and allocable

Conform to limitations and exclusions of award and cost principles

Consistent with policies & procedures that apply to both federally funded and other activities

Consistent treatment

Determined according to (GAAP)

Not be included as a cost or used as matching of other federally funded programs

Be adequately documented

Allocable Costs

- ALLOWABLE IF IT IS TREATED CONSISTENTLY WITH OTHER COSTS INCURRED FOR THE SAME PURPOSE

- IF IT IS INCURRED SPECIFICALLY FOR THE AWARD

- COSTS MAY NOT BE SHIFTED TO OTHER FEDERAL AWARDS TO OVERCOME FUNDING DEFICIENCIES, OR TO AVOID RESTRICTIONS IMPOSED BY LAW OR BY THE TERMS OF THE AWARD." A122 A.4.B

Direct Costs

- Cost that can be identified specifically with an award.
- Need to be adequately documented and accounted for correctly.

Indirect Costs

- Costs that have been incurred for common or joint objectives and cannot be readily identified with a particular final costs objective.
- Need to be accounted for appropriately.
- Indirect rate calculated by USOE based on AFR.

www.schools.utah.gov/finance/finance/indirect_cost/about.htm

Selected Items of Costs A-122 Appendix B

- Alcoholic beverages-unallowable
- Contingency provisions-unallowable
- Defense/prosecution of criminal or civil proceedings, claims, appeals -Not always allowed
- Donations and contributions-unallowable
- Entertainment-unallowable
- Fines and penalties-usually unallowable
- Fund raising and investment management-unallowable
- Good and services for personal use-unallowable

Selected Items of Costs A-122 Appendix B – cont'd

- Interest-not always allowable
- Lobbying-unallowable
- Losses on other awards or agreements-unallowable
- Organizational costs-unallowable

Support for Salary and Wage Expense

- ✓ Must be based on documented payrolls approved by a responsible official of the organization.
- ✓ Both direct and indirect costs.
- ✓ Allocation or distribution must be adequately supported.

Support for Salary and Wage Expense cont'd

Support for allocation of payroll costs must:

1-Be maintained for EACH employee whose time is charged to the grant.

2- Must reflect an after-the-fact determination of the actual activity of each employee. Budget estimates do not qualify as support for charges to awards.

3- Must account for the total activity for which employees are compensated.

4- Must be signed by the individual employee, or by a responsible supervisory official having first hand knowledge of the activities performed by the employee.

5- Must be prepared at least monthly and must coincide with one or more pay period.

6- Must be supported by records indicating the total number of hours worked each day.

7- Reconcile actual amount charged with actual hours worked. Adjustments must be documented.