



TITLE: Administrative Policy Allowable Cost #3120

Date Established: 01/01/2011
Date Last Revised: 03/01/2017
Date Posted to Website: 03/28/2017
Status: Final
Supersedes: Allowable Costs #103

Purpose

To address allowable expenditures as it relates to activities permitted under federal, state and grant guidance.

Policy

1. Only costs allowed pursuant to 20 CFR Part 683.200 Subpart B, 2 CFR Part 200.400-475 Subpart E, 2 CFR Part 2900, WIOA Title I and related regulations, ESD Policy 5260 and those included in the scope of the budget, provided financial means, and in accordance with grant terms and conditions shall be allowed as expenditures to funds provided through the Workforce Innovation and Opportunity Act.
 2. Specifically, costs must meet the factors of allowability, reasonableness and allocable cost guidelines as detailed in 2 CFR Part 200.403-405.
 3. Prohibitive and unallowable costs are specified in the Code of Federal Regulations, WIOA Title I and related regulations and ESD policies.
 4. Prior written approval guidance must be followed in accordance with 2 CFR Part 200.407 and ESD Policy 5260.
 5. PacMtn policy may set forth stricter requirements than provided by federal and state guidance but in no case will PacMtn policy not meet minimum federal and state policy.
 6. Any discrepancies arising between PacMtn policy with federal and state provisions due to revisions will default to the minimum federal guidance provided.
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Guidelines

Cost Principles

As a general rule of them for all costs incurred, care should be taken to ensure that they are allowable, reasonable and allocable under the basic guidelines as provided in 2 CFR Part 200.403-405 and as described below.

The guidelines for determining allowability of costs should meet the following general criteria.

1. Be reasonable and necessary for the performance of the award.
2. Conform to any limitations or exclusions set forth in the award.
3. Be consistent in treatment to both federal and non-federal activities.
4. Be consistently treated when determining a cost as direct or indirect.
5. Be determined in accordance with generally accepted accounting principles.

6. Be adequately documented, with authorized and supporting documentation.

The guidelines for determining reasonableness of costs should meet the following general criteria.

1. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.
2. The cost is a type generally recognized as ordinary and necessary for the operation of PacMtn to carry out proper and efficient performance of activities or an award.
3. The cost is within market prices for comparable goods or services for the geographic area.
4. The cost does not deviate from established practice and policy which would unjustly increase costs to a specific award.

The guidelines for determining allocable costs should meet the following general criteria.

1. A cost is allocable to an award or other cost objective if the goods or services involved are chargeable or assignable to that award or cost objective in accordance with the relative benefits received. This standard is met if the cost:
 - a. Is incurred specifically for the award;
 - b. Benefits both the award and other work and can be distributed in proportions that may be approximated using reasonable methods; and
 - c. Is necessary to the overall operation of PacMtn and is assignable in part to the award in accordance with these principles.
2. All activities which benefit from the indirect cost by PacMtn will receive an appropriate allocation of indirect costs.
3. Any cost allocable to an award under these principles may not be charged to other awards to overcome fund deficiencies, to avoid restrictions imposed by Federal statutes, regulations, or terms of conditions of the Federal awards, or for other reasons.
4. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit. If cost proportions cannot be directly determined than the costs may be allocated to benefitted projects based on an approved indirect cost allocation plan.

Prior Approval Requirements

Prior written approval is needed from the Employment Security Department for all single item equipment and capital improvement purchases that cost \$5,000 or more if using WIOA funds. Capital expenditures using other funds are allowable as direct costs with prior written approval from the awarding federal agency or pass-through entity.

Other items of cost may be allowable with prior written approval from the cognizant agency for indirect cost or direct federal costs that would otherwise be difficult to determine.

References

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| 2 CFR 200.400-475 Subpart E | ESD Policy 5260 |
| 2 CFR Part 2900 | WIOA Title I |
| 20 CFR Part 683.200 Subpart B | |

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