

## SAU 70 Allowability of Cost Procedure

Obligation of Federal Funds require the SU/SD must determine the allowability of costs in accordance with Subpart E cost principals (2 CFR §200.400) and the terms and conditions of the award. The cost must be:

- Reasonable
- Necessary
- Allocable
- Consistent treatment of Direct and Indirect costs (2 CFR §200.412-§200.415)
- Meets the conditions of Selected Items of Cost (2 CFR §200.420-§200.475)

Task	Title of Responsible Party	Stage of Process (requisition, PO, Contract, Invoice)
Determines the cost is necessary		
Determines the cost is reasonable		
Determines the cost is included in the grant		
Verifies the cost is within the grant period		
Determines the cost is allocable		
Determines the cost is correctly treated as a direct cost or indirect admin		
Determines the cost is allowed as a selected item of cost (ex. sales tax, entertainment...are not allowable)		
Verifies adequate documentation is on file to support the invoice (ex. Packing slip for supplies, proof of attendance for conferences...)		
Verifies the cost is covered by a contract and that procurement procedures/ conflict of interest procedures have been followed		
Verifies suspension and debarment has been checked		
Verifies contract administration procedures have been followed		