

Lamoille North Supervisory Union

Allowability of Cost Procedure for Goods or Services

Obligation of Federal Funds requires the SU/SD to determine the allowability of costs in accordance with Subpart E cost principals (2 CFR §200.400) and the terms and conditions of the award; definitions on page 2. Costs must be reasonable, necessary, and allocable. Treatment of direct and indirect costs must be consistent with the LEA's approved Indirect Cost Agreement. Costs must meet the conditions of the "Selected Items of Cost" (2 CFR §200.420-§200.476)

Task	Title of Responsible Party	Stage of Procurement (Requisition, PO, Contract, Invoice)
Determines the cost is reasonable	Administrator	Requisition
Determines the cost is necessary	Administrator	Requisition
Determines the cost is included in the approved grant award (budget)	Administrator	Requisition
Determines the cost is obligable within the grant period	Administrator	Requisition
Determines the cost is allocable	Administrator	Requisition
Determines the cost is correctly treated as a direct or indirect cost	Business Manager or Finance Coordinator	Requisition
Determines the cost is not excluded as a Selected Item of Cost (ex. sales tax, entertainment are excluded)	Administrator, Business Manager and/or Finance Coordinator	Requisition
Verifies the cost is covered by a contract and that Federal Procurement Procedures and / Prevention of Conflict of Interest in Procurement have been followed	Business Manager or Finance Coordinator	Requisition Contract
Checks or verifies suspension and debarment has been completed https://sam.gov/SAM/	Business Manager or Finance Coordinator	Requisition
Verifies adequate documentation is on file to support the invoice (ex. packing slip for supplies, proof of attendance for conferences...)	Administrator, Business Manager and/or Finance Coordinator	Invoice
Verifies contract administration procedures have been followed	Business Manager or Finance Coordinator	Invoice

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Definitions

Reasonable: [2 CFR §200.404](#)

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....

Necessary: [2 CFR §200.404\(a\)](#)

A cost is necessary if it is essential for the proper and efficient performance of the Federal award.

Allocable: [2 CFR §200.405](#)

A cost is allocable if it is allowed in a grant investment. If a cost benefits more than one project or activity the cost must be allocated to the projects based on the proportional benefit. If the proportional benefit cannot be determined without undue effort or cost, then the costs may be allocated on any reasonable documented basis.

Consistent Treatment of Direct and Indirect Costs: [2 CFR §200.400\(d\)-\(e\)](#)

A cost must be consistently treated as either a direct or indirect cost. In addition, a cost must be subject to the same policies and procedures that apply uniformly to both federal and non-federal activities.

Obligable: [34 CFR §76.707](#) [34 CFR §76.708](#)

A cost is obligable if the date of obligation per the chart below falls within the period of performance. Period of performance is defined on the grant award notification.

If the obligation is for -	The obligation is made -
(a) Acquisition of real or personal property	On the date on which the State or subgrantee makes a binding written commitment to acquire the property.
(b) Personal services by an employee of the State or subgrantee	When the services are performed.
(c) Personal services by a contractor who is not an employee of the State or subgrantee	On the date on which the State or subgrantee makes a binding written commitment to obtain the services.
(d) Performance of work other than personal services	On the date on which the State or subgrantee makes a binding written commitment to obtain the work.
(e) Public utility services	When the State or subgrantee receives the services.
(f) Travel	When the travel is taken.
(g) Rental of real or personal property	When the State or subgrantee uses the property.
(h) A pre-agreement cost that was properly approved by the Secretary under the cost principles in 2 CFR part 200, Subpart E - Cost Principles	On the first day of the grant or subgrant performance period.

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Always go to the full link to determine if the brief description has been updated or changed.