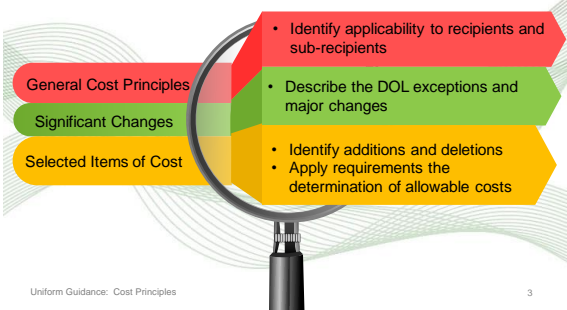


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Uniform Guidance: Cost Principles

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SMART FINANCIAL GRANTS MANAGEMENT 2015

Knowledge Check

On a scale of 1 (lowest) to 5 (highest), rate your knowledge and understanding of the following by circling the appropriate number in the middle column of the sheet, labeled Pre-Training, for each of the statements.

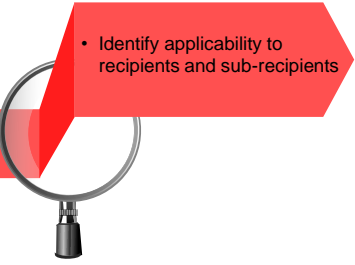


- I am fully aware of the structure of the revised Cost Principles.
- I understand the significant changes to Subpart E.
- I know the applicability of DOL exceptions to specific sections.
- I am knowledgeable regarding the Selected Items of Cost.
- I understand the various requirements for prior approval as described in the Selected Items of Cost.

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SMART FINANCIAL GRANTS MANAGEMENT 2015

General Cost Principles



Learning objectives for this section

- Identify applicability to recipients and sub-recipients

SMART FINANCIAL GRANTS MANAGEMENT 2015

Standards

Factors Affecting Allowability:

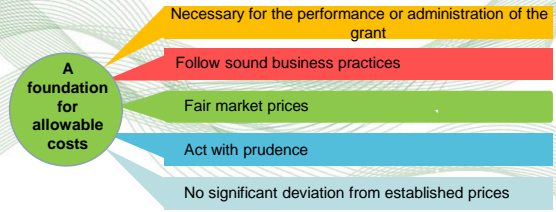
Necessary and reasonable	Conform with federal law, guidelines and grant terms
Adequately documented	Accorded consistent treatment
Not used for cost sharing or matching funds	Consistent with policies and procedures
In accordance with GAAP	Legal under state and local law

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Necessary and Reasonable (1 of 2)

200.404 Reasonable cost does not exceed what would be incurred by a prudent person under prevailing circumstances when decision was made to incur the cost.

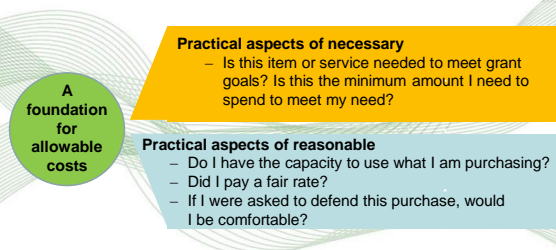


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Necessary and Reasonable (2 of 2)

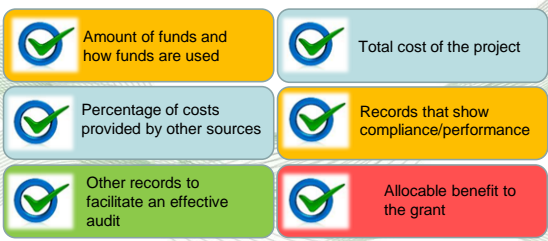


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Adequately Documented



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Additional Standards



Applicable Credits



Composition of Costs



Prior Written Approval



Special Considerations

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Program Regulations

Program regulations may have prohibited costs

SCSEP
2 CFR 641

WIA
20 CFR 667.260-268

WIA
20 CFR 668.340-350

See the Selected Items of Cost for details

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Program Limitations



Salaries & Bonus Limitations
TEGL 5-06



Public Service Employment Programs



SESA Real Property



Legal expenses for prosecution of claims, ALJ audit appeals or civil actions


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WIOA Limitations

WIOA – Section 181(e)
Prohibits use of funds for:



- ✘ Employment-Generating activities
- ✘ Revolving loan funds
- ✘ Business capitalization
- ✘ Economic development
- ✘ Foreign travel

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SMART FINANCIAL GRANTS MANAGEMENT 2015

Applicability

- Must be used to determine allowable costs
 - Work performed by non-Federal entity under Federal award
- Used as guide in pricing of fixed-price contracts and subcontracts

Exceptions

Fixed amount awards

Loans, scholarships, fellowships, etc

Awards to Hospitals

Uniform Guidance: Cost Principles 14

SMART FINANCIAL GRANTS MANAGEMENT 2015

Status Check

Are the statements true or false?

- ? The cost principles are the criteria for charging costs to a Federal award
- ? The standards for documentation include performance information
- ? Salary and bonus restrictions no longer apply with the new Principles

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Significant Changes

Learning objectives for this section

- Describe the DOL exceptions and major changes

SMART FINANCIAL GRANTS MANAGEMENT 2015

Prior Written Approval

Grant Officer is the only authorized official to provide written approval (2900.12)

Request for approval must be submitted not less than 30 days before requested action occurs (2900.16)

Significant changes in the Cost Principles have added prior written approval requirements (200.407)

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SMART FINANCIAL GRANTS MANAGEMENT 2015

Prior Approval Applicability

As a discretionary (non-formula) Grantee	As the State Formula Grantee
<ul style="list-style-type: none"> Must obtain prior ETA approval in the same way as other direct recipients of discretionary grant funds 	<ul style="list-style-type: none"> For approval of State and Local Workforce Investment Area (LWIA) costs Prior approval authority is delegated to the Governor No additional ETA approval is required

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SMART FINANCIAL GRANTS MANAGEMENT 2015

Applicability

Recipients, sub-recipients, pass-through entities

States and local governments	Institutions of Higher Education (IHE)
Non-profit organizations	For-profit or commercial entities
Indian tribes	Foreign organizations and foreign public entities

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Cost Allocation and Indirect Costs

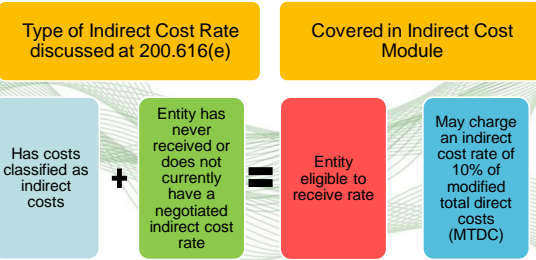
- DOL clarification at 2900.17
 - Adjustments or refunds and effect on IDC rates
- 200.413—Discussion of Direct Costs
- 200.418 – Distinctions
- Use of Appendices

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De Minimis Rates



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Selected Items of Cost

Learning objectives for this section

- Identify additions and deletions
- Apply requirements the determination of allowable costs

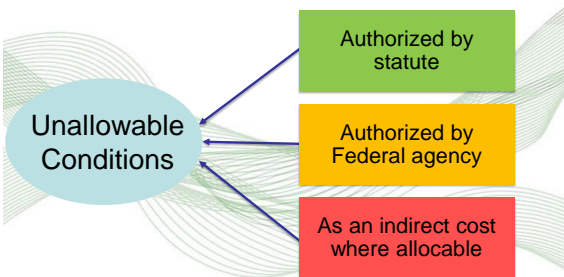
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Types of Costs

Allowable	Unallowable	Allowable with conditions
<ul style="list-style-type: none"> • Training Costs • Collection of Improper Payments • Health and Welfare 	<ul style="list-style-type: none"> • Entertainment • Fines and Penalties • Bad Debts 	<ul style="list-style-type: none"> • Personnel • Donations • Interest • (Most Costs)

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Advisory Councils 2 CFR 200.422



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Advertising 2 CFR 200.421



- Costs of media including electronic media
- Incorporates "Communication Costs"



- Recruitment of Personnel
- Procurement of goods and services



- Advertising and Public Relations are distinct types of cost

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Public Relations 2 CFR 200.421

Allowable ✓

- Communication Costs
- Community Outreach
- Program specific awards
- General program liaison

Unallowable ✗

- Memorabilia
- Organizational Recognition
- Promotional Items

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Capital Assets 2 CFR 200.12

Applies to:



Equipment



Real Property



Major Renovations



Intellectual property

Expenditures capitalized in accordance with GAAP

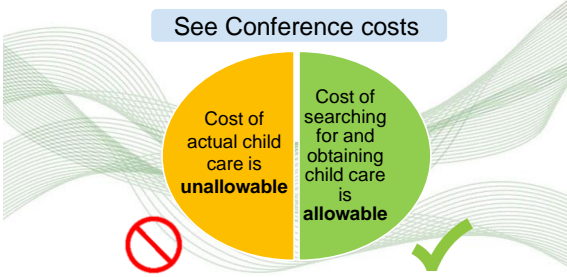
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Child Care 2 CFR 200.432

See Conference costs

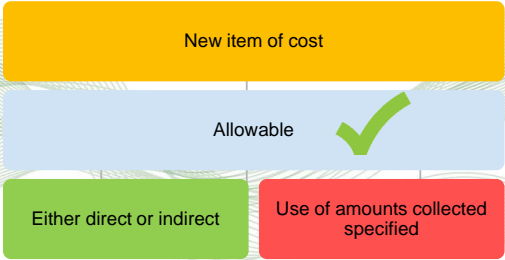


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Collection of Improper Payments 2 CFR 200.428

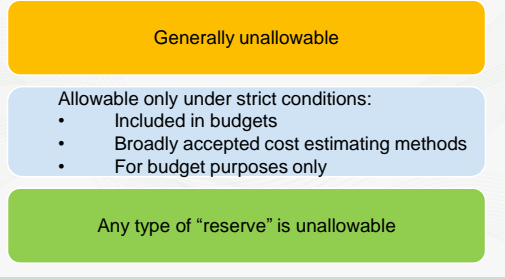


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Contingency Provisions 2 CFR 200.433 & 2900.18



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SMART FINANCIAL GRANTS MANAGEMENT 2015

Conferences 200.432 (1 of 2)

Allowable with conditions

- Meeting
- Retreat
- Seminar
- Workshop
- Rental cost
- Speaker fees
- Meals and refreshments
- Local transportation

Primary purpose is dissemination of technical information beyond the non-federal entity

Unless further restricted by the terms of the federal award

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Conferences 200.432 (2 of 2)

- Must exercise discretion and judgment in ensuring conference costs are appropriate, necessary, and minimize costs to the federal award.



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Equipment 2 CFR 200.33 & 200.439

Definition		
Tangible personal property (use life > 1 year)	\$5000 cost or entity capitalization level	Computing devices IT systems General and special purpose

Management Requirements		
Specifies acquisition and use requirements	Prior approval required	Expensed in period acquired

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SMART FINANCIAL GRANTS MANAGEMENT 2015

Fines and Penalties 2 CFR 200.441



Defined as fines, penalties, damages, violations of Federal and/or local laws



Unallowable



Examples are parking tickets, DUI equipment, late payment penalties



Cross reference - Defense of claims against the government - unallowable

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SMART FINANCIAL GRANTS MANAGEMENT 2015

Employee Health and Welfare Costs 2 CFR 200.437



Allowable with conditions



Conditions

- Health and welfare of staff
- In accordance with documented policies
- Must be allocated



Losses generally unallowable



Eliminates "morale costs"

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Entertainment 2 CFR 200.438

Limited exceptions



Programmatic purpose AND

Authorized within budget OR

Authorized by awarding agency (prior approval)

Unallowable



- Examples:
- Sports event tickets
 - Gift cards
 - Movie tickets

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Intellectual Property

2 CFR 200.448 & 2900.13

PATENT PROTECTED
 Combines patent and royalties from Circulars
 Does NOT address licensing requirements

 Further clarifies allowable and unallowable costs associated with each

Copyright
 Reference requirements for intangible property
 • DOL exception includes use of Creative Commons license
 • Allows subsequent use in manner specified by the awardee


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Lobbying

2 CFR 200.450

 Costs of lobbying are unallowable

 Lobbying includes any actions
 • Designed to influence the obtaining of grants
 • Designed to influence or give special consideration to acting on an award or regulatory matter

Governed by multiple statutes

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Participant Support Costs


2 CFR 200.456 & 469, 2900.19

Allowable as defined 

 Student Activity fees are unallowable

Check your grant agreement

 DOL exception at 2900.19

 Allowable if meet a program requirement

 Have prior written approval

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Status Check

Are the statements true or false?


-  Advertising costs include electronic media
-  Conference costs include the cost of meeting space
-  DOL requires a Creative Commons license for intellectual property developed with grant funds
-  The costs of collecting bad debts are unallowable.


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For Your Consideration

- 
- Are there changes that you should be making in your award documents for future awards?
 - How will the written prior approval requirements impact your program operations?
 - Will some of the new restrictions on costs affect your program design in future awards?


 Complete the QSAP to help identify next steps

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Key Concepts




A - Z

The Uniform Guidance consolidates the definitions and many have been changed or deleted.




economic

No change to premise of necessary and reasonable.



E

The Cost Principles have been consolidated into Subpart E of the Uniform Guidance.



EGSI

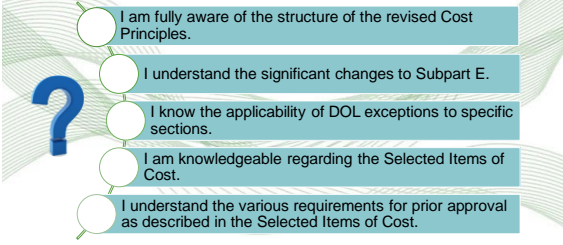
The Selected Items of Cost have been clarified and many are new.

Uniform Guidance: Cost Principles

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Knowledge Check

On a scale of 1 (lowest) to 5 (highest), rate your knowledge and understanding of the following by circling the appropriate number in the middle column of the sheet, labeled Pre-Training, for each of the statements.



Five statements are listed vertically, each preceded by a circle containing a question mark. The statements are:

- I am fully aware of the structure of the revised Cost Principles.
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*"Procrastination is the art of
keeping up with yesterday."*

-Don Marquis

THANK YOU!
PLEASE COMPLETE YOUR EVALUATIONS
