

DIRECT, INDIRECT, AND UNALLOWABLE COSTS (POLICY)

The College ~~recognizes unallowable~~ is committed to only charging allowable costs, ~~as to its federal awards. Allowability is defined under in the Uniform Guidance or other federal regulations cannot be charged to~~ and these policies.

This document aligns with the federal requirements in 2CFR200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards and has internal controls in place to insure this is followed Awards (Uniform Guidance, or UG) as applicable.

~~The grant manager and their supervisor~~ The Grants and Contracts Officer and the Vice President of Business are ultimately responsible for ensuring all costs charged to grant awards meet the requirements of the cost principles as contained in the Uniform Guidance, grant terms and conditions, and any other specific requirements of both the award notice and the applicable program solicitation.

Purchasing will follow detailed procedures as outlined in 40-100-1 and all other College policies and procedures.-

For any costs to be charged directly to a federal award the expense must be:

1. Allowable under both the provisions of federal guidance and the terms of a specific award.
2. Allowable: the expense can be associated to a project with a high degree of accuracy.
3. Reasonable: the cost reflects what a “reasonably prudent person” would pay in a similar circumstance.
4. Consistency charges as direct expenses (versus an indirect cost). Note that certain types of projects constitute expectations to the consistency requirement as referenced in this guidance.

In general, there are three categories of expenses:

1. Direct Expenses: An expense that can be identified specifically with a particular project or other activity with a high degree of accuracy.
2. Indirect Costs: An expense that cannot be easily identified to a particular project or activity. (Examples are building operations and maintenance, information technology, security administrative personnel, ect.)

Unallowable Expenses: These costs may not be charges to a federal award. (Examples include, but are not limited to, alcoholic beverages, bad debts, fines or penalties.)

The first and foremost responsibility for identifying and segregating direct, indirect, and

unallowable costs is at the department level when the costs are incurred and recorded. All costs should be identified to the correct account prior to being coded on the purchase order. -Account coding on purchase orders will be reviewed and approved by the Vice President of Instruction (if under that offices supervision), the President, the Vice President of Business, and the Business Office, in this order. -The ultimate responsibility for determination comes from the Vice President of Business.

Each month the Budget Expenditure Report (BER) shall be created by the Business Office and reviewed and approved by the budget manager. -Costs charged per the BER will be reviewed by the principal investigator or grant manager to ensure the costs charged to the project are allowable.

If it is found that unallowable costs have been mistakenly charged to an award, they will be promptly transferred to the General Fund and all parties within the approval track will be notified. Mismanagement of funds will result in appropriate corrective action for the personnel involved.