

Administrative Policy



<i>Item</i>	<i>Details</i>
Policy Title:	Allowability of Costs – Federal Grants Policy
Policy Category:	Operational
Related Procedure(s)/ Guideline(s):	
Policy Owner:	Vice President for Administrative Services
Date Approved:	5/8/2017
Review Dates:	1/20/26
Revision Dates:	
Policy Scope:	All Stakeholders
Policy Statement:	<p>All direct costs charged to federal projects awarded to Southwest Tech must be allowable, allocable, necessary and reasonable for carrying out the objectives of the award. Grant accountants are responsible for ensuring that all direct costs charged to their project comply with this policy.</p> <p>All costs must be charged in a timely manner and be allowable, reasonable, and allocable.</p> <ul style="list-style-type: none"> • Allowable: Is the purchase an allowable cost based on the OMB 2 CFR 200 Subpart E - Cost Principles. • Reasonable: If the amount of the purchase 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. • Allocable: Is the purchase chargeable or assignable to the objective of the Federal award. <p>All costs charged to Federal projects must meet the following criteria.</p>

- The costs must be treated consistently through the application of GAAP and established college policies and procedures.
- The costs must conform to the limitations specified in [OMB Uniform Guidance 2 CFR 200 Subpart E](#).
- The costs must be necessary to support grant activities.
- The costs must be deemed reasonable by a prudent individual.
- The costs must be supported by sufficient and appropriate source documentation.

Any cost that does not meet the above criteria cannot be charged to a federal project.

Southwest Tech maintains the following control measures to ensure cost allowability.

- Set reasonable and realistic budgets for sub-recipients so no incentive exists to misrepresent expenditures.
- Provide the tools necessary to train grant personnel on the requirements for determining cost allowance and disallowance.
- Provide appropriate grant personnel [with a copy of 2 CFR 200 and a list of allowable and unallowable expenditures](#).
- Provide technical assistance and training to all sub-recipients as it relates to items of cost.
- Establish communication channels with sub-recipients on grant compliance and questionable costs.
- Require sub-recipients to be paid on a reimbursements basis.
- Require segregation of duties in the review of all sub-recipient expenditures.
- Compare all sub-recipient invoices and supporting documentation to a list of allowable and unallowable costs.
- Check all sub-recipient invoices and supporting documents for computation accuracy.
- Adjust all unallowable costs and follow up with appropriate personnel to determine cause and provide clarity to ensure future compliance.
- Review all budget to actual reports on a timely basis.
- Develop a grant monitoring guide containing regulations and requirements listed in applicable SGA, Notification of Award, college specific policies and procedures, and applicable federal regulations.