



**Bill Helmich Associates**

P.O. BOX 789, SANDIA PARK, NEW MEXICO

PHONE: 505.281.9844 FAX: 505.281.0790

# COST ALLOWABILITY AND COVID-19

Compliance with 2 CFR 200, Subpart E

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# 2 C.F.R. 200

- Issued 12/26/2013
- Effective 12/26/2014
- Superseded OMB Circulars A-102, A-133 and A-87

# 2 CFR 200 Subparts

- ▶ Subpart A: Definitions
- ▶ Subpart B: General
- ▶ Subpart C: Pre-award
- ▶ Subpart D: Post-award
- ▶ **Subpart E: Cost Principles**
- ▶ Subpart F: Audit Requirements
- ▶ Appendices

# Cost Classification

- Direct Costs
- Indirect Costs

# Cost Standards Categories

- Basic Considerations: General Standards applicable to all costs
- Selected Cost Items: Specific Standards for Selected Costs

# Allowability - Basic Considerations

2 CFR Sec. 200.403 Factors affecting allowability of costs.

“costs must meet the following general criteria in order to be allowable under Federal awards:”

- be necessary”
- be reasonable”
- be allocable”

# “Be Necessary”

## Justify:

- Need
- Relevance
- Contribution



# “Be Reasonable”

## Justify:

- Comparability
- Appropriate
- Prudence

# “Be Allocable”

## Justify:

- Assignability
- Specificity
- Proportionality
- Benefit

# Other Basic Considerations

- Legal Conformity
- Consistency
- Documentation
- No “Double Dipping”

# Standards for Selected Items

- Selected items standards must be applied in addition to the requirements of Basic Considerations.
- See 2 CFR 200.421 to 200.475

# Salient Features of Selected Items

- Policy/plan required
- Included within scope
- Be net of credits
- Prior approval needed
- Specificity required
- Meet listed criteria
- Equitably apportioned
- Be net of credits
- Comply with law
- Be documented
- Meet listed limitations

# Policy/Plan Required

## ▶ Examples:

- ▶ Compensation - Personal Services: 2 CFR 200.430
- ▶ Incentives: 2 CFR 200.430
- ▶ Compensation - Fringe Benefits: 2 CFR 200.431
- ▶ Insurance: 2 CFR 200.447
- ▶ Recruiting/relocation: 2 CFR 200.463, 464

# Included within scope

- ▶ Examples:

- ▶ Public Relations: 2 CFR 200.421

- ▶ Bonding: 2 CFR 200.427

- ▶ Intellectual Property: 2 CFR 200.448

# Prior approval needed

- ▶ Examples:

- ▶ Employee Health and Welfare: 2 CFR 200.437
- ▶ Equipment: 2 CFR 200.439
- ▶ Fund Raising: 2 CFR 200.442



# Specificity required

- ▶ Examples:

- ▶ Advertising and Public Relations: 2 CFR 200.421
- ▶ Equipment: 2 CFR 200.439
- ▶ Student Activity Costs: 2 CFR 200.469

# Meet listed criteria

- ▶ Examples:

- ▶ Conferences: 2 CFR 200.432

- ▶ Professional Service Costs: 2 CFR 200.459

# Equitably apportioned

- ▶ Examples:

- ▶ Compensation - Fringe Benefits: 2 CFR 200.432
- ▶ Transportation Costs: 2 CFR 200.473

# Be net of credits

- ▶ Examples:

- ▶ Materials and Supplies: 2 CFR 200.453

- ▶ Applicable Credits: 2 CFR 200.406

# Comply with law

- ▶ Examples:

- ▶ FLSA: see 2 CFR 200.431(i)(3)

- ▶ Travel Law: see 2 CFR 200.474(d)

# Be documented

- ▶ Examples:

- ▶ Compensation - Personal Services: 2 CFR 200.430
- ▶ Intellectual Property: 2 CFR 200.448
- ▶ Travel Costs: 2 CFR 200.474

# Limitations

- ▶ Unallowability Examples:
  - ▶ Alcohol
  - ▶ Bad Debts
  - ▶ Entertainment
  - ▶ Non-compliant activities

# Bill Helmich Associates

- Phone: 505-281-9844
- Email: [bhelmich@flash.net](mailto:bhelmich@flash.net)

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