

## PROCEDURE 2.9.0: ALLOWABILITY OF COSTS, ACTIVITIES & REPORTING

Cost principles are consulted to determine whether or not the cost is allowable. All costs must be:

1. Necessary, reasonable and allocable
  - a. A cost may be considered reasonable if the nature of the goods or services acquired or applied, and the associated dollar amount, reflect the action a prudent person would take when the decision to incur the cost was made.
  - b. A cost is allocable to a grant if it:
    - i. Is incurred solely to advance work under the grant.
    - ii. It benefits both the grant and other work of the institution, including other grant-supported projects
    - iii. Is necessary to the overall operation of the organization and is deemed to be assignable, at least in part, to a grant.
2. Conform with federal law and grant terms
3. Consistent with state and local policies
4. Consistently treated
  - a. Costs may be charged as either direct or facilities and administrative costs (F&A-indirect costs), but all costs must be treated consistently for all work of the college under similar circumstances, regardless of the source of funding.
5. Net of applicable credits
6. Adequately documented
  - a. The total amount of salary paid from grant funds to an employee of the college will be proportional to the time devoted to the funded project and will not exceed the total annual amount of pay and allowances the individual would have received if not associated with a grant-funded initiative.
  - b. The college follows internal procedures to ensure employees pay is accurately allocated to reflect work performed.

Any cost incurred without authorization will be considered a personal transaction between the vendor and the individual. The college does not assume liability for payments of obligations incurred without proper purchasing procedure. All periodic financial and progress reports will be submitted as required. Other required reports may include conflict of interest reports, audit



reports and specialized programmatic reports. The college adheres to these requirements as outlined in any notice of award.

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