

**ESCC POLICY**  
**Allowable Costs for Federal Grants**

**Effective Date:** May 2017  
**Responsible Office:** Finance and Administration

**I. PURPOSE**

To establish Eastern Shore Community College's (ESCC) policy on allowable costs in conjunction with Federal grants.

**II. AUTHORITY**

The President has given the Vice-President of Finance and Administration the responsibility and authority to establish and enforce the college's allowable costs for Federal grants policy.

**III. APPLICABILITY**

This policy applies to all Federal grants received and administered by ESCC.

**IV. DEFINITIONS**

**Allocable:** The cost is incurred for the benefit of only one project, or the item can be easily assigned to multiple benefiting projects. A specific project may only be charged that portion of the cost that represents the direct benefit to that project.

**Allowable:** Costs must conform to any limitations or exclusions stated in generally accepted accounting principles or in the sponsored agreement; i.e., the cost must be designated as "allowable" and not specifically as "unallowable" by regulation or grant/contract-specific award conditions.

**Consistent:** Similar costs are treated as direct or Facilities and Administrative (F&A) costs when incurred in like circumstances. Costs generally direct charged to a sponsored project should not be included as F&A costs on other projects when incurred for the same purposes. Where ESCC treats a particular type of cost as a direct cost of sponsored agreements, all costs incurred for the same purpose in like circumstances shall be treated as direct costs of all activities of the institution.

**Reasonable:** Cost is generally recognized as necessary for the performance of the project and is one that a prudent person would consider reasonable given the same set of circumstances.

**V. POLICY**

This policy outlines determination of allowable costs for Federal grants at ESCC. The policy matches The Office of Management and Budget (OMB) Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), specifically 2 CFR 200, Subpart E (<https://www.gpo.gov/fdsys/pkg/CFR-2014-title2-vol1/pdf/CFR-2014-title2-vol1-part200-subpartE.pdf>).

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (a) Be necessary and reasonable for the performance of the Federal award and be allocable to the grant. (b) Conform to any limitations or exclusions as to types or amount of cost items. (c) Be consistent with policies and of ESCC and the VCCS. (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost. (e) Be determined in accordance with generally accepted accounting principles (GAAP) (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period (g) Be adequately documented.

**VI. PROCEDURES**

Regardless of the funding agency, ESCC will determine allowable costs for sponsored programs based on answering the following:

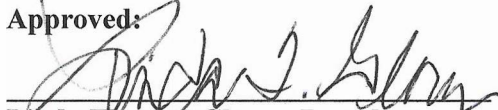
- Are / do the costs
  - Allocable, allowable, consistent, and reasonable in like circumstances?
  - Allowed by ESCC and the Virginia Community College System (VCCS)?
  - Allowed by Sponsor?
  - Allowed by OMB Uniform Guidance?
  - Serve the grant purpose as outlined in the grant proposal?

Costs will be reviewed by the grant Principal Investigator, Co-Principal Investigator, Grants Accountant, and the Vice-President of Finance and Administration to ensure agreement on the above questions.

**VII. INTERPRETATION**

The authority to interpret this policy rests with the President, and is generally delegated to the Vice-President of Finance and Administration.

Approved:

  
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Linda Thomas-Glover, President

5/11/17  
\_\_\_\_\_  
Date