TULARE COUNTY WORKFORCE INVESTMENT BOARD, INC.

WORKFORCE INVESTMENT ACT
TITLE I ACTIVITIES

DATE: September 11, 2000
SUBJECT: Allowable Costs

WIB DIRECTIVE

TO: Service Providers

SUBJECT: ALLOWABLE COSTS

EXECUTIVE SUMMARY

Purpose:

This Directive provides combined state, federal and local Workforce Investment Area (LWIA) guidance regarding the general cost principles and allowable costs under the Workforce Investment Act (WIA).

Scope:

This directive requires that all Service Providers expending WIA funds shall comply with federal, state, and local procurement regulations and policies.

Effective Date:

This directive is effective on date of issue.

REFERENCES:

- EDD/WIAD00-1
- WIA Sections 117(f)(1), 129(c)(6), 134(c)(2) through (4), 181(d) and (e), and 188(a)(3)
- Title 20 Code of Federal Regulations (CFR), Final Rule, Sections 661.310, 667.200(c), and 667.260 through 667.270
- Title 29 CFR Part 97.22
- Title 29 CFR Part 95.27
- Title 48 CFR Part 31, Contract Cost Principles and Procedures
- Office of Management and Budget Circulars (OMB):
  - A-21 Cost Principles for Educational Institutions
  - A-87 Cost Principles for State and Local Governments (Attached)
  - A-122 Cost Principles for Non-Profit Organizations (Attached)
- WIB Contracts with subrecipients (Service Providers)

TULARE COUNTY WORKFORCE INVESTMENT BOARD (WIB) – IMPOSED REQUIREMENTS:

This directive contains some WIB-imposed requirements. These requirements are indicated by bold, italic type.

FILING INSTRUCTIONS:
Retain this directive until further notice.

BACKGROUND:

The WIA Final Rule, Title 20 CFR 667.200(c) provides guidance regarding cost principles and allowable costs and refers subrecipients to OMB circulars for specific requirements. The OMB circulars provide guidance according to type of organization, and the guidance may vary from one circular to another (Circulars not attached to this document can be obtained at http://www.whitehouse.gov/OMB/). Educational institutions are bound by OMB Circular A-21, governmental entities by OMB Circular A-87, nonprofit organizations by OMB Circular A-122, and for-profit organizations by Title 48 CFR Part 31.

POLICY AND PROCEDURES:

The OMB circulars provide general principles and guidance on selected items of cost identifying allowable and unallowable costs. Certain items are allowable only if approval is granted prior to the purchase. The WIA Regulations Section 667.200(c) delegates the authority for granting prior approval for those selected items of cost to the Governor. When planning purchases, service providers should refer to the appropriate OMB circular and the current WIB contract to identify selected items of cost; the items differ by type of entity. If an item requires prior approval, please submit your request in writing to:

Administrator
Tulare County Workforce Investment Board
4025 W. Noble Ave.
Visalia, CA 93278

The circulars require the federal agency to provide guidance regarding the purchase and construction of facilities. Section 667.260 of the WIA Regulations prohibits the purchase or construction of facilities; a few exceptions regarding renovation and repair are permitted as detailed in this section.

The WIA, its Regulations and local WIB policies and directives provide guidance regarding allowable activities. Expenditures of WIA funds are allowable only for those activities permitted by the WIA, the Regulations and local WIB policies and procedures. Allowable activities include core, intensive, and training services. Core, intensive, and training services are described in Section 134(c)(2), (3), and (4); additional guidance regarding supportive services and needs related payments is provided in this section. The WIA Section 129 details the allowable and unallowable activities for the youth program.

Among the sections of the Final Rule providing prohibitions against specific activities are Sections 667.260 through 667.270 and Section 661.310. When planning a program or expenditure, service providers are advised to consult all relevant federal documents.

ACTION:

Bring this directive to the attention of all affected staff and all subrecipients.

INQUIRIES:

Please direct inquiries about this directive to the Workforce Investment Department, at (559) 737-4246, or 1-800-367-8742.

Joseph H. Daniel
Administrator
August 29, 1997

MEMORANDUM FOR THE RECORD

FROM: Norwood J. Jackson
Deputy Controller
Office of Federal Financial Management

SUBJECT: Recompilation of OMB Circular A-87


OMB CIRCULAR A-87 (REVISED 5/4/95, As Further Amended 8/29/97)

CIRCULAR NO. A-87
Revised

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Cost Principles for State, Local, and Indian Tribal Governments

1. Purpose. This Circular establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally-recognized Indian tribal governments (governmental units).

2. Authority. This Circular is issued under the authority of the Budget and Accounting Act of 1921, as amended; the Budget and Accounting Procedures Act of 1950, as amended; the Chief Financial Officers Act of 1990; Reorganization Plan No. 2 of 1970; and Executive Order No. 11541 ("Prescribing the Duties of the Office of Management and Budget and the Domestic Policy Council in the Executive Office of the President").

3. Background. An interagency task force was established in 1987 to review existing cost principles for Federal awards to State, local, and Indian tribal governments. The task force studied Inspector General reports and recommendations, solicited suggestions for changes to the Circular from governmental units, and compared for consistency the provisions of other OMB cost principles circulars covering non-profit organizations and universities. A proposed revised Circular reflecting the results of those efforts was issued on October 12, 1988, and August 19, 1993. Extensive comments on the proposed revisions, discussions with interest groups, and related developments were considered in developing this revision.


5. **Policy.** This Circular establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between governmental units and the Federal Government. The principles are for determining allowable costs only. They are not intended to identify the circumstances or to dictate the extent of Federal and governmental unit participation in the financing of a particular Federal award. Provision for profit or other increment above cost is outside the scope of this Circular.

6. **Definitions.** Definitions of key terms used in this Circular are contained in Attachment A, Section B.

7. **Required Action.** Agencies responsible for administering programs that involve cost reimbursement contracts, grants, and other agreements with governmental units shall issue codified regulations to implement the provisions of this Circular and its Attachments by September 1, 1995.

8. **OMB Responsibilities.** The Office of Management and Budget (OMB) will review agency regulations and implementation of this Circular, and will provide policy interpretations and assistance to insure effective and efficient implementation. Any exceptions will be subject to approval by OMB. Exceptions will only be made in particular cases where adequate justification is presented.

9. **Information Contact.** Further information concerning this Circular may be obtained by contacting the Office of Federal Financial Management, Financial Standards and Reporting Branch, Office of Management and Budget, Washington, DC 20503, telephone 202-395-3993.

10. **Policy Review Date.** OMB Circular A-87 will have a policy review three years from the date of issuance.

11. **Effective Date.** This Circular is effective as follows:

   - For costs charged indirectly or otherwise covered by the cost allocation plans described in Attachments C, D and E, this revision shall be applied to cost allocation plans and indirect cost proposals submitted or prepared for a governmental unit's fiscal year that begins on or after September 1, 1995.

   - For other costs, this revision shall be applied to all awards or amendments, including continuation or renewal awards, made on or after September 1, 1995.

Attachments

OMB CIRCULAR NO. A-87

COST PRINCIPLES FOR
STATE, LOCAL AND INDIAN TRIBAL GOVERNMENTS

TABLE OF CONTENTS

Attachment A - General Principles for Determining Allowable Costs
Attachment B - Selected Items of Cost
Attachment C - State/Local-Wide Central Service Cost Allocation Plans
Attachment D - Public Assistance Cost Allocation Plans
Attachment E - State and Local Indirect Cost Rate Proposals

http://www.whitehouse.gov/OMB/circulars/a087/a087-all.html

11/29/2000
The application of these principles is based on the fundamental premises that:

2. Policy guides.

3. Projects or other increment above cost is outside the scope of the Circular.

4. Projects described under these principles except those restricted or prohibited by law, provision for which are located under a particular program or policy. The projects are described in detail in the Circular of Federal awards made under the Federal Program or policy. The projects are those that meet the standards for Federal awards and are not intended to apply to, but are a part of the Federal Program or policy.

1. Objectives. This attachment establishes principles for determining the allowable costs incurred by State or local governments or Federal programs or policies.

A. Purpose and Scope

H. Required Certifications

C. Interagency Services

3. Interagency on indirect or administrative costs

2. Cost allocation plans and indirect cost proposals

I. General

E. Indirect Costs

D. Direct Costs

4. Indirect costs

3. Interagency

2. Certification of costs

1. Total cost

D. Composition of Cost

4. Indirect costs

3. Allocation costs

2. Reasonable costs

I. Exclusion of allowable costs

C. Basic Guidelines

18. Staff
(2) To promote efficiency in State and local program administration when Federal non-matching program funds are used in conjunction with State and local program funds.

(1) OMB authorizes conditional exemption from OMB administrative requirements when conditions are met.

(2) Conditional exemptions will be applied to other Federal programs when the conditions are met.

b. These principles shall be used as a guide in the pricing of fixed price arrangements where costs are used in

- Determining the applicable price.
- Non-profit organizations will be subject to the limitations of non-profit organizations.
- Costs for hospitals are subject to the limitations of hospitals.
- Certain organizations are subject to the limitations of certain organizations.
- Other organizations are subject to the limitations of other organizations.

3. Application

- Increase incentives for administrative efficiency and improve outcomes.
- Costs are to be paid in accordance with applicable Federal laws and regulations.
- This approach should also be applied to the existing Federal system for planning and budgeting.
- Proposals for new or expanded programs or projects must be developed and submitted.
- The Office of Management and Budget (OMB) recommends that Federal agencies consider the following principles:
- Each governmental unit shall be responsible for the efficient and effective administration of Federal awards.
- Each governmental unit shall assume responsibility for administering Federal awards in a manner consistent with
- OMB administrative requirements.
1. "Agencies" means the Federal agencies responsible for reviewing, negotiating, and approving cost-sharing bilateral agreements and the Federal agencies responsible for the preparation of bilateral agreements.

2. "Parties" means the governments between which a bilateral agreement is entered into.

3. "Agreement" means a written agreement between two or more governments.


5. "Plan" means a written agreement between the Federal government and an entity.


7. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

8. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.


12. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.


15. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.


17. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

18. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.


22. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

23. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.


27. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.


29. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

30. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

31. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

32. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

33. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

34. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

35. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

36. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

37. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.

38. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.


40. "Plan" means the documentation required for negotiating, accounting, and preparing agreements.
9. "Cost" means an amount as determined on a cash, accrual, or other basis acceptable to the Federal awarding or cognizant agency. It does not include transfers to a general or similar fund.

10. "Cost allocation plan" means central service cost allocation plan, public assistance cost allocation plan, and indirect cost rate proposal. Each of these terms are further defined in this section.

11. "Cost objective" means a function, organizational subdivision, contract, grant, or other activity for which cost data are needed and for which costs are incurred.

12. "Federally-recognized Indian tribal government" means the governing body or a governmental agency of any Indian tribe, band, nation, or other organized group or community (including any native village as defined in Section 3 of the Alaska Native Claims Settlement Act, 85 Stat. 688) certified by the Secretary of the Interior as eligible for the special programs and services provided through the Bureau of Indian Affairs.

13. "Governmental unit" means the entire State, local, or federally-recognized Indian tribal government, including any component thereof. Components of governmental units may function independently of the governmental unit in accordance with the term of the award.

14. "Grantee department or agency" means the component of a State, local, or federally-recognized Indian tribal government which is responsible for the performance or administration of all or some part of a Federal award.

15. "Indirect cost rate proposal" means the documentation prepared by a governmental unit or component thereof to substantiate its request for the establishment of an indirect cost rate as described in Attachment E of this Circular.

16. "Local government" means a county, municipality, city, town, township, local public authority, school district, special district, intrastate district, council of governments (whether or not incorporated as a non-profit corporation under State law), any other regional or interstate government entity, or any agency or instrumentality of a local government.

17. "Public assistance cost allocation plan" means a narrative description of the procedures that will be used in identifying, measuring and allocating all administrative costs to all of the programs administered or supervised by State public assistance agencies as described in Attachment D of this Circular.

18. "State" means any of the several States of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, or any agency or instrumentality of a State exclusive of local governments.

C. Basic Guidelines

1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.

b. Be allocable to Federal awards under the provisions of this Circular.

c. Be authorized or not prohibited under State or local laws or regulations.
imposed by law, the Federal award, or other Federal regulations on types or amounts of cost items.

2. Reasonable costs. A cost is reasonable if, in its nature and amount it does not exceed that which would be necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure. Reasonable costs are described in accordance with generally accepted accounting principles.

3. Allocable costs. A cost is allocable if it is reasonable, is directly allocable to the performance of the Federal award, and will be allocated to the Federal award unless a different basis of allocation is provided by Federal law or regulation.

b. The established practices of the governmental unit, if the governmental unit had not incurred the expenditure.

c. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

d. Whether the expenditure is pursuant to the requirements imposed by such factors as: sound business practice; terms and conditions of the Federal award; performance of Federal regulations; and the regulations of the Federal awarding agency.

Significant deviations from the established practices of the governmental unit may not be charged to the Federal award, unless such deviations are authorized by the awarding Federal agency.

Significant deviations, in determining the reasonableness of a given cost, consideration shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

2. Reasonable costs. A cost is reasonable if, in its nature and amount it does not exceed that which would be necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure. Reasonable costs are described in accordance with generally accepted accounting principles.

3. Allocable costs. A cost is allocable if it is reasonable, is directly allocable to the performance of the Federal award, and will be allocated to the Federal award unless a different basis of allocation is provided by Federal law or regulation.

b. The established practices of the governmental unit, if the governmental unit had not incurred the expenditure.

c. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

d. Whether the expenditure is pursuant to the requirements imposed by such factors as: sound business practice; terms and conditions of the Federal award; performance of Federal regulations; and the regulations of the Federal awarding agency.

Significant deviations from the established practices of the governmental unit may not be charged to the Federal award, unless such deviations are authorized by the awarding Federal agency.

Significant deviations, in determining the reasonableness of a given cost, consideration shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

2. Reasonable costs. A cost is reasonable if, in its nature and amount it does not exceed that which would be necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure. Reasonable costs are described in accordance with generally accepted accounting principles.

3. Allocable costs. A cost is allocable if it is reasonable, is directly allocable to the performance of the Federal award, and will be allocated to the Federal award unless a different basis of allocation is provided by Federal law or regulation.

b. The established practices of the governmental unit, if the governmental unit had not incurred the expenditure.

c. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

d. Whether the expenditure is pursuant to the requirements imposed by such factors as: sound business practice; terms and conditions of the Federal award; performance of Federal regulations; and the regulations of the Federal awarding agency.

Significant deviations from the established practices of the governmental unit may not be charged to the Federal award, unless such deviations are authorized by the awarding Federal agency.

Significant deviations, in determining the reasonableness of a given cost, consideration shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

2. Reasonable costs. A cost is reasonable if, in its nature and amount it does not exceed that which would be necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure. Reasonable costs are described in accordance with generally accepted accounting principles.

3. Allocable costs. A cost is allocable if it is reasonable, is directly allocable to the performance of the Federal award, and will be allocated to the Federal award unless a different basis of allocation is provided by Federal law or regulation.

b. The established practices of the governmental unit, if the governmental unit had not incurred the expenditure.

c. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

d. Whether the expenditure is pursuant to the requirements imposed by such factors as: sound business practice; terms and conditions of the Federal award; performance of Federal regulations; and the regulations of the Federal awarding agency.

Significant deviations from the established practices of the governmental unit may not be charged to the Federal award, unless such deviations are authorized by the awarding Federal agency.

Significant deviations, in determining the reasonableness of a given cost, consideration shall be given to:

1. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.

2. Reasonable costs. A cost is reasonable if, in its nature and amount it does not exceed that which would be necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure. Reasonable costs are described in accordance with generally accepted accounting principles.

3. Allocable costs. A cost is allocable if it is reasonable, is directly allocable to the performance of the Federal award, and will be allocated to the Federal award unless a different basis of allocation is provided by Federal law or regulation.

b. The established practices of the governmental unit, if the governmental unit had not incurred the expenditure.

c. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the governmental unit, if the governmental unit had not incurred the expenditure.
D. Direct Costs

1. General. Direct costs that can be identified specifically with a particular final cost objective.

2. Application. Typical direct costs chargeable to Federal awards are:

- a. Compensation of employees for the time devoted and identifiable specifically to the performance of those awards.
- b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
- c. Equipment and other approved capital expenditures.
- d. Travel expenses incurred specifically to carry out the award.
- e. Indirect Costs

E. Indirect Costs

Predetermined rates of allocation with accounting procedures for that item or cost is consistently applied to all cost objectives.

3. Exclusions. Any direct cost of a minor amount may be treated as an indirect cost for reasons of administrative convenience and for ease of audit.

4. Application. The following paragraphs are intended to provide guidance for the purposes of the implementation of OMB Circular A-87. While these paragraphs are not mandatory, Federal agencies are encouraged to develop their own policies and procedures which are consistent with OMB guidance. Federal agencies are encouraged to consider the following paragraphs in developing their own policies and procedures.
1. General. Indirect costs are those (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type originating in the general department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect costs within a governmental unit department or in other agencies providing services to governmental unit department, indirect cost pools should be distributed to benefited cost objectives on bases that produce an equitable result in consideration of relative benefits derived.

2. Cost allocation plans and indirect cost proposals. Requirements for development and submission of cost allocation plans and indirect cost proposals are contained in Attachments C, D, and E.

3. Limitation on indirect or indirect cost allowed. In addition to restrictions contained in this Circular, there may be laws that further limit the amount of administrative or indirect cost allowed.

b. Amounts not recoverable as indirect costs of administrative costs under one Federal award may not be shifted to another Federal award, unless specifically authorized by Federal legislation or regulation.

C. Interagency Services. The cost of services provided by one agency to another within the governmental unit may include direct costs of the service plus a pro rata share of the indirect costs of the service. The service costs may be used in lieu of determining the actual indirect costs of the service. These services do not include centralized services included in central service cost allocation plans as described in Attachment C.

H. Certification. Each cost allocation plan or indirect cost proposal required by Attachments C and E must contain the following:

1. No proposal to establish a cost allocation plan or an indirect cost rate shall be approved by the Federal cognizant agency or maintained on file by the governmental unit, unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan or Certificate of Indirect Cost Rates as set forth in Attachment C and E. The certificate must be signed on behalf of the governmental unit by an individual at a level not lower than that of the financial officer specified in the proposal or component covered by the proposal.

2. No proposal to establish a cost allocation plan or an indirect cost rate shall be approved by the Federal cognizant agency or maintained on file by the governmental unit, unless such costs have been certified by the governmental unit using the Certificate of Cost Allocation Plan or Certificate of Indirect Cost Rates as set forth in Attachment C and E. The certificate must be signed on behalf of the governmental unit by an individual at a level not lower than that of the financial officer specified in the proposal or component covered by the proposal.
Sections 1 through 42 provide principles to be applied in establishing the allowable or unallowable costs under Federal agreements.
3. ADVISORY Councils. Costs incurred by advisory councils or committees are allowable as direct costs where:

(a) Cases of advertising and public relations designed solely to promote the Governmental unit

(b) Cases of promotional items and memorabilia, including models, gifts, and souvenirs, and

(c) Other special events, and

(d) Cases of meeting rooms, hospitality suites, and other special facilities used in connection with shows and

(e) Sales and yards of employees engaged in setting up and displaying exhibits, making demonstrations,

(f) Cases of displays, demonstrations, and exhibits,

(g) Related to other activities of the Governmental unit, including:

(1) ALL advertising and public relations costs other than as specified in subsections c and d.

4. Unallowable advertising and public relations costs include the following:

(a) Unallowable advertising and public relations costs are allowable when:

(i) Public relations costs are allowable when:

(ii) Unallowable advertising costs are allowable only when incurred by the recruitment of personnel, or the procurement of

(iii) Unallowable advertising costs are allowable only when incurred by the recruitment of personnel, or the procurement of

(iv) Unallowable advertising costs are allowable only when incurred by the recruitment of personnel, or the procurement of

(b) The term "public relations" includes community relations and means those activities directed to

(c) The term "public relations" includes community relations and means those activities directed to

(d) The term "advertising costs" means the costs of advertising media and collateral administrative costs.


1. Accounting. The cost of establishing and maintaining advertising and other information systems is


3. Determination of Allowability. In each case, should be based on the requirement of standards provided for similar

4. The term "advertising costs" means the costs of advertising media and collateral administrative costs.

5. Unallowable advertising costs are allowable only when incurred by the recruitment of personnel, or the procurement of

6. Unallowable advertising costs are allowable only when incurred by the recruitment of personnel, or the procurement of

7. Unallowable advertising costs are allowable only when incurred by the recruitment of personnel, or the procurement of

8. Unallowable advertising costs are allowable only when incurred by the recruitment of personnel, or the procurement of

Office of Management and Budget
Office of Management and Budget

4. Alcoholic beverages. Costs of alcoholic beverages are unallowable.

5. Audit services. The costs of audits are allowable if specifically approved by the awarding or cognizant agency as a direct cost to an award or included as an indirect cost in a cost allocation plan or rate.

6. Automatic electronic data processing. The cost of data processing services is allowable (but see section 19). Equipment and other capital expenditures.

7. Bad debts. Any losses arising from uncollectible accounts and other claims, and related costs, are allowable unless provided for in Federal program award regulations.

8. Bonding costs. Costs of bonding employees and officials are allowable to the extent that such bonding is required by Federal or program award regulations.


10. Communications. Costs of telephones, mail, messengers, and similar communication services are allowable.

11. Compensation for personnel services.

   a. General. Compensation for personnel services includes all remuneration paid currently or accrued, for services rendered during the period of performance of a contract or grant, and for services performed both within and without the United States, in connection with those services.

   b. Reasonableness. Compensation for employees engaged in work on Federal awards will be considered reasonable only to the extent that it is consistent with that paid for similar work in other activities of the governmental unit, and that the employer was not in a position to make a comparable decision. Compensation surveys providing data representative of the labor market in which the employees are involved will be the basis for evaluating reasonableness.

   c. Unallowable costs. Costs which are unallowable under other sections of this Circular shall not be

http://www.whitehouse.gov/omb/3cirulal/a087-a087-all.html
allowable if amortized over a period of years in accordance with GAAP.

Unless otherwise provided by law, government unit employees' contributions in the year in which the net fund balance is reduced below the minimum level shall be in compliance with GAAP.

(4) When a governmental unit contributes in an acceptable cost method, as defined by GAAP, and

may be used as the governmental unit's contribution in that budget.

(3) Amounts funded by the governmental unit in excess of the actually determined amount for a fiscal year

Federal assistances in excess of commitments to the sponsors' funds

shall be returned to the Federal Government for the full value of

costs paid or otherwise committed to implement the Federal Government and the Federal Government's contribution to the Federal Government's contributions made by

Federal Government and Federal Government's contributions made by the Federal Government and Federal Government's contributions made by

Federal Government and Federal Government's contributions made by

Federal Government and Federal Government's contributions made by

Federal Government and Federal Government's contributions made by

(2) Pension costs consist of contributions by the governmental unit in accordance with the governmental unit's

(1) Pension plans as defined in a pay-as-you-go method. Allowable costs will be limited to those

accrued costs in accordance with the governmental unit's pension plan. The governmental unit's

(5) The cost of fringe benefits in the form of employer contributions or expenses for social security, employment

(4) The accrual basis may be used for those types of leave for which a liability is determined by generally

expresses all activities of the governmental unit in accordance

with GAAP, allowable leave costs are the lesser of the amount

accrued costs are the lesser of the amount.

(3) When a governmental unit uses the cash basis of accounting, the cost of leave is recognized in the period

(2) The cost of fringe benefits in the form of regular compensation paid to employees during periods of

(1) Fringe benefits are all allowances and services provided by employers to their employees in connection in

allowable under this section only on the basis that they comply with the governmental unit's

Office of Management and Budget

Page 14 of 40
The Federal Government shall receive an equitable share of any previously allowed pension costs (including earnings thereon) which revert or accrue to the governmental unit in the form of a refund, withdrawal, or other credit.

1. Post-retirement health benefits. Post-retirement health benefits (PRHB) refer to costs of health insurance or health services not included in a pension plan covered by subsection e. for retirees and their dependents, and survivors. PRHB costs may be computed using any as-you-go method or an acceptable actuarial cost method in accordance with established written policies of the governmental unit.

2. PRHB costs calculated using an actuarial cost method recognized by GAAP are allowable if they are funded for that year, within six months after the end of that year. Costs funded after the six-month period (or a later period agreed to by the cognizant agency) are allowed, if in the year funded. The cognizant agency may agree to an extension of the six-month period if an appropriate adjustment is made to compensate for the timing of the contributions to the PRHB fund. Adjustments may be made by cash refund, reduction in current year's Federal reimbursement in excess of contributions to the PRHB fund.

3. Amounts funded in excess of the actuarially determined amount for a fiscal year may be used as the government's contribution in a future period.

4. When a governmental unit converts to an acceptable actuarial cost method and funds PRHB costs in accordance with this method, the initial unfunded liability attributable to prior years shall be allowable if a period over a period negotiated with the cognizant agency.

5. To be allowable in the current year, the PRHB costs must be paid either:

   a. To an insurer or other beneficiary provider as current year costs or premiums, or

   b. To any insurer or other beneficiary provider as a trust fund or reserve for the sole purpose of providing benefits post-retirement benefits to retirees and other beneficiaries.

6. The Federal Government shall receive an equitable share of any amounts of previously allowed post-retirement benefits costs (including earnings thereon) which revert or accrue to the governmental unit in the form of a refund, withdrawal, or other credit.

7. Severance pay.

8. Severance payments (but not accruals) associated with normal turnover are allowable. Such payments shall be allocated to all revenues of the governmental unit as an indirect cost.

9. Abnormal or excess severance pay will be considered on a case-by-case basis and is allowable only if approved by the cognizant Federal agency.

h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation.
Effect of changed circumstances:

The budget estimates of other distribution percentages are revised at least quarterly, if necessary, to

budgeted and actual costs are less than ten percent, and

Annually, the comparison of actual costs to budgeted costs shall be made as a result of the activity.

At least quarterly, comparisons of actual costs to budgeted costs shall be made. This shall be based on the

activity equally performed.

The government units' system for establishing the estimates produces reasonable approximations of the

there:

 ability to support change in Federal awards but may be used for interim accounting purposes, provided

estimates or other distribution percentages determined before the services are performed do not

be exceeded by the employee.

They must be prepared at least monthly and must coincide with one or more pay periods, and

They must record for the total activity for which each employee is responsible.

They must record an accurate representation of the actual activity of each employee.

Personnel activity reports or equivalent documentation must meet the following standards:

An unallocable activity is a direct or indirect cost activity.

Two or more indirect activities which are allocated using different allocation bases, or

An indirect cost activity and a direct cost activity.

A Federal award and a non-Federal award.

More than one Federal award.

Work on:

approved by the cognizant Federal agency. Such documentation must be kept on file.

subsections (g) and (h) of this subpart this section has been

subsection (g) defines a reasonable accounting system which meets the standards in

will be supported by personnel activity reports or equivalent documentation which shows the standards in

the activity for which the employee is responsible. Those certifications will be prepared at least semi-

Four and other similar systems which meet the standards in

the employees worked solely on the

indirect cost activity.

No further documentation is required for the salaries and wages of employees who work in a single

Office of Management and Budget

Page 16 of 40
10. Acquiring contracts for commodities and services.

11. Promoting the effectiveness of the Department's programs and activities.

12. Contributing to a more effective and efficient government by eliminating waste and fraud.

a. The following costs are allowable for contracts covered by 10 U.S.C. 2324(a), "Allowable costs under voluntary agreements.

b. The costs of acquiring contracts and services are allowable.

c. The costs of acquiring contracts and services are allowable.

13. Contributions and donations, including cash, property, and services, are allowable.

14. Defense and protection of criminal and civil proceedings, and claims.

15. Contributions and donations, including cash, property, and services, are allowable.

16. Contributions and donations, including cash, property, and services, are allowable.

17. Contributions and donations, including cash, property, and services, are allowable.

18. Contributions and donations, including cash, property, and services, are allowable.

19. Contributions and donations, including cash, property, and services, are allowable.

20. Contributions and donations, including cash, property, and services, are allowable.

21. Contributions and donations, including cash, property, and services, are allowable.

22. Contributions and donations, including cash, property, and services, are allowable.

23. Contributions and donations, including cash, property, and services, are allowable.

24. Contributions and donations, including cash, property, and services, are allowable.

25. Contributions and donations, including cash, property, and services, are allowable.

26. Contributions and donations, including cash, property, and services, are allowable.

27. Contributions and donations, including cash, property, and services, are allowable.

28. Contributions and donations, including cash, property, and services, are allowable.

29. Contributions and donations, including cash, property, and services, are allowable.

30. Contributions and donations, including cash, property, and services, are allowable.

31. Contributions and donations, including cash, property, and services, are allowable.

32. Contributions and donations, including cash, property, and services, are allowable.

33. Contributions and donations, including cash, property, and services, are allowable.

34. Contributions and donations, including cash, property, and services, are allowable.

35. Contributions and donations, including cash, property, and services, are allowable.

36. Contributions and donations, including cash, property, and services, are allowable.

37. Contributions and donations, including cash, property, and services, are allowable.

38. Contributions and donations, including cash, property, and services, are allowable.

39. Contributions and donations, including cash, property, and services, are allowable.

40. Contributions and donations, including cash, property, and services, are allowable.
increase their value or useful life.

(3) "Other capital assets" mean buildings, land, and improvements to buildings or land that materially
increase their value or useful life.

(9) "Building" means an article of nonexpendable, tangible personal property having a useful life of more
than one year and an acquisition cost which equals the lesser of (a) the capitalization level established by the
Government for financial statement purposes, or (b) the cost of acquisition.

(10) "Capital expenditure" means the cost of an asset excluding the cost to put it in place. The capital
expenditure is used in this section the following terms have the meanings as set forth below:

19. Equipment and other capital expenditures.

(a) Equipment, and furniture (are modifiable): costs directly associated with such costs (such as licenses to show or sports events, meals, lodging, travel).

18. Entertainment: Costs of entertainment including reimbursement, including reimbursement, and social activities and any
reimbursement for meals, travel, or entertaining expenses.

17. Employee morale, health, and welfare costs: The costs of health or first-aid clinics, and/or institutions,
allowable.

16. Disburser's service: The cost of disbursing funds by the Treasurer of other designated officer is
allowable.

15. Depreciation recovery: new or used, or also be maintained.

14. Depreciation recovery: when depreciation recovery is allowed, depreciation expense is calculated the amount
lives and processes. When the depreciation period is 20 years, the depreciation expense is calculated with the
constant rate of 5% over the period. If there is no depreciation expense is calculated, the
inventory must be taken at least once every two years (or at least one audit period).

13. Capital expenditure is used for the purpose and/or reimbursed.

12. Effect of any increase in maintenance, cleaning, and/or other actions as result of
enhancement available at the time of acquisition, the

11. When depreciation method is used for buildings, a building's useful life is determined as of the
date of acquisition, the cost of the asset or lease. The acquisition cost is calculated the asset's useful life and cost of the
acquisition.

10. Depreciation is based on the acquisition cost, the asset would be depreciated over the property's useful life, the useful life and cost of the asset.

9. The acquisition cost is determined by the calculation of the acquisition cost, the asset would be depreciated over the property's useful life, the useful life and cost of the asset.
The property is given in exchange as part of the purchase price of a similar item and the gain or loss is

(a) The gain or loss is processed through a depreciation account and is recorded in the depreciation allowable

(b) The gain or loss is processed through a depreciation account and is recorded in the depreciation allowable

22. Gains and losses on disposition of depreciable property and other capital assets and substantial

(a) Reorganization of Federal Programs

(b) Reorganization of Federal Programs

2. Fund raising and investment management costs

(a) Reorganization of Federal Programs

(b) Reorganization of Federal Programs

3. Purchase of equipment

(a) Reorganization of Federal Programs

(b) Reorganization of Federal Programs
24. The facilities and 'like capacity'

and this shall be allowable and other private facilities of the public

satisfy and express directly and substantially the same purpose and other legal activities of the

Purposes provided for in subsection 4.1, these include:

(1) Salaries and expenses of the Office of the Governor of a State or the Chief Executive of a political

government.

25. General government expenses

proportion of general government expenses covered in subsection 4.1, these include:

(c) Costs of losses of any nature arising from the sale or exchange of property other than the property covered

Priority placed on the above factors of Federal government programs and

the depreciation charges to date may equal or exceed the cost of Federal agencies, etc.

be excluded in computing Federal award costs.

in subsection 4.1, 'the' and 'therein' used in the former relates to the property, etc.

the depreciation charges to date may equal the estimated and

An amount equal to the amount of the Federal participation in the

(b) Compensations for the use of the property that would normally be expected for the

(c) Compensations provided through depreciation allowances in lieu of depreciation

section of the new term.
The provisions of coverage and the extent of coverage and the fees and premiums would have been allowed had the law of the past been in effect and none of the unemployable consequences and severance pay are allowable subject to the following provisions:

- Contributions to a reserve for certain self-insurance programs including workers' compensation are allowable.

2. Costs of Insurance

a. Costs of insurance required or approved and maintained, provide the Federal government is required to cover any expense incurred in accordance with the governing unit's policy and sound business practice.

b. Costs of other insurance in connection with the Federal government's activities which are allowable subject to the following limitations:

- Costs of insurance required or approved and maintained, provide the Federal government is required to cover any expense incurred in accordance with the governing unit's policy and sound business practice.

- Exception: This provision does not apply to the Federal government's activities which are allowable subject to the following limitations:

   a. Costs of insurance required or approved and maintained, provide the Federal government is required to cover any expense incurred in accordance with the governing unit's policy and sound business practice.

- Exception: This provision does not apply to the Federal government's activities which are allowable subject to the following limitations:

   a. Costs of insurance required or approved and maintained, provide the Federal government is required to cover any expense incurred in accordance with the governing unit's policy and sound business practice.

- Exception: This provision does not apply to the Federal government's activities which are allowable subject to the following limitations:

   a. Costs of insurance required or approved and maintained, provide the Federal government is required to cover any expense incurred in accordance with the governing unit's policy and sound business practice.
The governmental unit:

1. The financial assistance (from other than its own or leased sources) is done (the aid it is available to

2. Interest

a. Costs incurred for interest on borrowed capital or the use of governmental units own funds, however

b. Costs of commercial insurance that applies to all assets of the governmental unit as per between 26th of the year, the year financial statements are submitted.

c. Interest on loans that were used for the construction of the governmental unit's buildings, including interest on bonds or notes issued to construct the governmental unit's buildings.

d. Interest on loans that were used for the construction of the governmental unit's buildings, including interest on bonds or notes issued to construct the governmental unit's buildings.

E. Insurance premiums will be collected on an annual basis, and if the insureds are governmental units, the insurance premiums will be collected on a per annum basis. The premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

F. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

G. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

H. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

I. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

J. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

K. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

L. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

M. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

N. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

O. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

P. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

Q. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

R. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

S. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

T. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

U. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

V. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

W. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

X. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

Y. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.

Z. The governmental unit will follow a constitutional or statutory policy, and if the insureds are governmental units, the insurance premiums will be collected in the year financial statements are submitted, including those issued to construct the governmental unit's buildings.
PARTICULAR PROFESSIONAL COSTS

3.3. Professional Service Costs

3.2. Pre-Award Costs. Pre-award costs are those incurred prior to the effective date of the award directly.

3.1. Award Costs. The costs of a service organization which provides reasonably to the governmental units.

3.0. Membership, subscriptions, and professional activities.

2.9. Materials and supplies. The cost of materials and supplies is allowable.

2.8. Management, operations, and reports. Unless otherwise provided by law, the cost of interim, annual, and semi-annual reports shall be allowable.

2.7. Lodging. The cost of certain lodging activities associated with obtaining grants, contracts, etc., and governmental units will require the amount of allowable interest whenever such payments (interest, principal).

2.6. Costs of membership in and community, professional activities, and professional organizations are allowable as direct costs with the

2.5. Costs of membership in and community, professional activities, and professional organizations are allowable as direct costs with the

2.4. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including travel, transportation, meals, and other incidental costs are allowable.

2.3. Costs of the governmental units subscriptions to business, professional, and technical publications are allowable.

2.2. Memberships, subscriptions, and professional activities.

2.1. Membership, subscriptions, and professional activities.

1.9. Costs of membership in and community, professional activities, and professional organizations are allowable as direct costs with the

1.8. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including travel, transportation, meals, and other incidental costs are allowable.

1.7. Costs of the governmental units subscriptions to business, professional, and technical publications are allowable.

1.6. Costs of the governmental units subscriptions to business, professional, and technical publications are allowable.

1.5. Costs of membership in and community, professional activities, and professional organizations are allowable as direct costs with the

1.4. Costs of meetings and conferences where the primary purpose is the dissemination of technical information, including travel, transportation, meals, and other incidental costs are allowable.

1.3. Costs of the governmental units subscriptions to business, professional, and technical publications are allowable.

1.2. Costs of the governmental units subscriptions to business, professional, and technical publications are allowable.

1.1. Costs of membership in and community, professional activities, and professional organizations are allowable as direct costs with the

1.0. Costs of membership in and community, professional activities, and professional organizations are allowable as direct costs with the

Office of Management and Budget
39. TAXES

Except as they meet the criteria in section 26, used to determine whether a lease is a capital lease, interest costs paid as capital leases are allowable to the Government in determining net income. The provisions of Financial Accounting Standards Board Statement 13 shall be

modified and interpreted in a manner that reflects an effective date of this regulation, and changes or additions to the amount that would be allowable if the Government unit had to be treated as a capital lease under GAAP, are allowable only

c. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only

and are payable when the payment is due.

(1) One party to the lease is able to control or substantially influence the actions of the other;

(2) Both parties are parts of the same governmental unit.

(a) The Governmental unit creates an authority or a similar entity to acquire and lease the premises to the

Governmental unit and other parties.

(b) The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

(3) The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.

The Governmental unit creates an authority or similar entity to acquire and lease the premises to the

Governmental unit and other parties.
Attachment C

4. Underrecover of costs under Federal agreements. Any excess costs over the Federal contribution under one award attributable are recoverable under other awards attributable.

b. Affixed to or other than commercial carriers. Cost of award by governmental units. Costs of award by governmental units are recoverable from the

4. Travel costs. The cost of travel provided for employees of the Federal Government are allowable. For travel costs incurred in the performance of

4. Traveling. The cost of traveling provided for employees of the Federal Government are allowable. For travel costs incurred in the performance of

a. In connection with official business such costs may be charged on an actual or basis on a

b. Gasoline, meals, motor vehicle lease and other taxes that are in effect user fees for benefits provided to

Office of Management and Budget
| TABLE OF CONTENTS |

<table>
<thead>
<tr>
<th>A. General</th>
</tr>
</thead>
<tbody>
<tr>
<td>B. Definitions</td>
</tr>
<tr>
<td>2. Allocated central services</td>
</tr>
<tr>
<td>C. Scope of the Central Service Cost Allocation Plans</td>
</tr>
<tr>
<td>D. Submission Requirements</td>
</tr>
<tr>
<td>E. Documentation Requirements for Submitted Plans</td>
</tr>
<tr>
<td>F. OMB Assistance</td>
</tr>
<tr>
<td>G. Other Policies</td>
</tr>
<tr>
<td>H. Negotiation and Approval of Central Service Plans</td>
</tr>
<tr>
<td>I. Billing central service activities</td>
</tr>
<tr>
<td>J. Other Reserve Funds</td>
</tr>
<tr>
<td>2. Working capital reserves</td>
</tr>
<tr>
<td>3. Capital gains on Federal Reserve funds</td>
</tr>
<tr>
<td>4. Required retirement benefits</td>
</tr>
<tr>
<td>c. Self-insurance funds</td>
</tr>
<tr>
<td>d. Internal service funds</td>
</tr>
<tr>
<td>a. General</td>
</tr>
<tr>
<td>3. Allocated services</td>
</tr>
<tr>
<td>2. Allocated central services</td>
</tr>
<tr>
<td>1. General</td>
</tr>
<tr>
<td>6. Appeals</td>
</tr>
<tr>
<td>5. Records retention</td>
</tr>
<tr>
<td>4. Adjustments of billed central services</td>
</tr>
<tr>
<td>3. Carry-forward adjustments of allocated central service costs</td>
</tr>
</tbody>
</table>
These local governments are required to submit their plans for Federal approval under the
reformative concept in this section and maintain the plan and related supporting documentation for the
years following the submission of the plan. The plans must be submitted to the
Office of Management and Budget (OMB) in the same calendar year as the original Federal approval.

1. Each State will submit a plan to the Department of Health and Human Services for each year in which it
is required to submit a plan for Federal approval of the plan. The plan will not include
all central service costs for the most recently completed year of the budget
cycle. The plan should include the information required by the
Office of Management and Budget (OMB) for the fiscal year.

D. Submission Requirements

The submission will be documented in accordance with section B. Costs of central services included in the plan will not be
distributed included in the Federal plan. The plan will include
all central service costs for the most recently completed year of the budget
cycle. The plan should include the information required by the
Office of Management and Budget (OMB) for the fiscal year.

E. Definitions

1. "Deficit Central Service" means central services that are not billed to the
individuals or organizations that provide similar services in the
Federal budget. The plan includes a list of both local governmental units
and States that have been included in the plan.

2. "Local governmental unit" means a State, a territory, a local governmental unit, or a local governmental unit that
is required to submit a plan for Federal approval of the plan. The plan will include
all central service costs for the most recently completed year of the budget
cycle. The plan should include the information required by the
Office of Management and Budget (OMB) for the fiscal year.
Revenues shall consist of all revenues generated by the service, including unobligated and un obligated balances.

(1) For each financial service fund or similar activity with an operating budget of $5 million or more, the plan shall include:

- a) Internal service funds, self-insurance funds, and fringe benefit funds.

- b) Internal service funds, self-insurance funds, and fringe benefit funds.

- c) Internal service funds, self-insurance funds, and fringe benefit funds.

- d) Internal service funds, self-insurance funds, and fringe benefit funds.

- e) Internal service funds, self-insurance funds, and fringe benefit funds.

- f) Internal service funds, self-insurance funds, and fringe benefit funds.

- g) Internal service funds, self-insurance funds, and fringe benefit funds.

- h) Internal service funds, self-insurance funds, and fringe benefit funds.

- i) Internal service funds, self-insurance funds, and fringe benefit funds.

- j) Internal service funds, self-insurance funds, and fringe benefit funds.

- k) Internal service funds, self-insurance funds, and fringe benefit funds.

- l) Internal service funds, self-insurance funds, and fringe benefit funds.

- m) Internal service funds, self-insurance funds, and fringe benefit funds.

- n) Internal service funds, self-insurance funds, and fringe benefit funds.

- o) Internal service funds, self-insurance funds, and fringe benefit funds.

- p) Internal service funds, self-insurance funds, and fringe benefit funds.

- q) Internal service funds, self-insurance funds, and fringe benefit funds.

- r) Internal service funds, self-insurance funds, and fringe benefit funds.

- s) Internal service funds, self-insurance funds, and fringe benefit funds.

- t) Internal service funds, self-insurance funds, and fringe benefit funds.

- u) Internal service funds, self-insurance funds, and fringe benefit funds.

- v) Internal service funds, self-insurance funds, and fringe benefit funds.

- w) Internal service funds, self-insurance funds, and fringe benefit funds.

- x) Internal service funds, self-insurance funds, and fringe benefit funds.

- y) Internal service funds, self-insurance funds, and fringe benefit funds.

- z) Internal service funds, self-insurance funds, and fringe benefit funds.

3. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

4. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

5. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

6. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

7. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

8. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

9. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

10. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

11. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

12. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

13. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.


Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

15. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

16. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

17. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

18. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

19. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

20. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

21. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

22. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

23. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.


Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

25. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

26. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

27. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

28. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

29. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

30. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

31. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

32. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

33. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

34. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

35. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

36. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

37. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

38. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

39. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.

40. Allocated services.

Allocated services, documentation discussed in subsections 3b, 3c, and 3e, shall also be included.
The purpose of this form is to create a written record of the proposal for full public participation and review. The proposal should include a detailed description of the proposed actions, including:

1. A brief summary of the proposed actions.
2. A detailed description of the anticipated benefits and costs.
3. A summary of the proposed schedule and budget.
4. A list of key stakeholders and their roles.
5. A description of the proposed monitoring and evaluation plan.

The form should be submitted to the governing body for review and comment within 30 days of its issuance.

Date of Submission: ____________________________
Time: ____________________________
Name of Official: ____________________________
Signature: ____________________________
Governmental Unit: ____________________________

I declare that the foregoing is true and correct.

[Certification]

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

CERTIFICATE OF COST ALLOCATION PLAN

The following form is required to ensure compliance with federal regulations.

Section 1: General Information

- Title of Project:
- Description of Project:
- Estimated Cost:
- Funding Source:
- Project Duration:

Section 2: Cost Allocation

- Cost Center:
- Cost Category:
- Cost Description:
- Actual Cost:
- Proposed Cost:

Section 3: Funding Sources

- Federal:
- State:
- Local:
- Other:

Section 4: Project Schedule

- Start Date:
- End Date:
- Milestones:

Section 5: Signatures

- Project Manager:
- Chief Financial Officer:
- Executive Director:

By: ____________________________
Date: ____________________________
5. Records retention. All central service cost allocation plans and related documentation used as a basis for Federal share costs under Federal agreements must be retained for full in accordance with the records retention requirements contained in the Common Rule.

Federal (share exceeds $50,000.00)

If the Federal share cost allocation exceeds $50,000.00, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Records retention. All Central Service cost allocation plans and related documentation used as a basis for Federal share costs under Federal agreements must be retained for full in accordance with the records retention requirements contained in the Common Rule.

Required immediately:

Central Service activity that was not expected in the approved plan or for which there is no approved plan. However, a cost incurred as a result of Federal funding must be reported immediately.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.

Required in accordance with the activity involved:

Activity involving the Federal share, if applicable. However, the Federal share must be determined using the claims submission, the allocation cost, and the total cost. The claims submission must be submitted to the Federal Government for approval. The cost allocation must be based on the amount of Federal funds received.
7. OMB assistance. To the extent that problems are encountered among the Federal agencies and/or governmental units in connection with the negotiation and approval process, OMB will lend assistance, as required, to resolve such problems in a timely manner.

### TABLE OF CONTENTS

- A. General
- B. Definitions
- C. Policy
- D. Submission, Documentation, and Approval of Public Assistance Cost Allocation Plans
- E. Review of Implementation of Approved Plans
- F. Unallowable Costs

### A. General

Federal assistance agencies are funded predominately by the Department of Health and Human Services (HHS). In support of its stewardship requirements, HHS has published requirements for the development, documentation, submission, negotiation, and approval of public assistance cost allocation plans in Subpart E of 45 CFR Part 95. All administrative and program costs (direct and indirect) are normally charged to Federal awards by implementing the public assistance cost allocation plan. This Attachment extends the requirements to all Federal agencies which programs are administered by a State public assistance agency. Major federally-financed programs typically administered by State public assistance agencies include: Aid to Families with Dependent Children, Medicaid, Food Stamps, Child Support Enforcement, Adoption Assistance and Foster Care, and Social Services Block Grant.

### B. Definitions

1. "State public assistance agency" means a State agency administering or supervising the administration of one or more public assistance programs operating under the State as if the agency were a Federal public assistance agency. For the purpose of this Attachment, all programs include all programs operated by the State public assistance agency.

2. "State public assistance agency costs" means all costs incurred by, or allocable to, the State public assistance agency, except expenditures for financial assistance, medical vendor payments, food stamps, and payments for services and goods provided directly to program recipients.

C. Policy

State public assistance agencies will develop, document, and implement, and the Federal Government will review, negotiate, and approve, public assistance cost allocation plans in accordance with Subpart E of 45 CFR Part 95. The plan will include all programs administered by the State public assistance agency.
STATE AND LOCAL INDIRECT COST RATE PROPOSALS

ATTACHMENT E

CIRCULAR NO. A-87

E. Unallowable Costs. Claims developed under approved cost allocation plans will be based on allowable costs. Assistance as allowed to resolve such problems in a timely manner in accordance with the regulations and approved process. The Office of Management and Budget will lend procedures set out in 45 CFR Part 75. Disputes involving only one funding agency will be resolved in accordance with the appeals procedures set out in 45 CFR Part 92.

F. Review of Implementation of Approved Plans.

1. State public assistance agencies will be required to promptly submit amendments to the cost allocation plan to HHS for review and approval.

2. Under the coordination process outlined in subsection D, federal agencies will review all new plans and amendments.

D. Submission, Documentation, and Approval of Public Assistance Cost Allocation Plans.

CFR Part 92.

Office of Management and Budget
6. OMB assistance
5. Collection of miscellaneous costs and unforeseen payments
4. Appeals
3. Indirect cost allocations not using rates
2. Billable services provided by the agency
1. fringe benefits rates
P. Other Polices
E. Negotiation and Approval of Rates
3. Required certification
2. Documentation of proposals
1. Submission of indirect cost rate proposals
D. Submission and Documentation of Proposals
4. Special indirect cost rates
3. Multiple allocation base method
2. Simplified method
1. General
C. Allocation of Indirect Costs and Determination of Indirect Cost Rates
9. Base period
8. Final rate
7. Provisional rate
6. Fixed rate
5. Predetermined rate
4. Base
3. Indirect cost pool
2. Indirect cost rate
1. Indirect cost rate proposal
A. General

3. "Indirect costs" are the accumulated costs that jointly pertain to two or more programs or other cost objectives.

4. "Indirect cost rates" are expressed as a percentage of the indirect costs to a direct cost base.

5. "Accumulated" means the documentation prepared by a governmental unit or subunit of government.

6. "Accumulated" means the documentation prepared by a governmental unit or subunit of government.

B. Definitions

Amendment D.

This Amendment does not apply to State, public, assistance agencies. These agencies should refer instead to...

4. Because of the diverse characteristics and accounting practices of governmental units, the type of costs, included in the support of operations, offices, and agencies may be specified in all jurisdictions, however, typical examples of costs included in the support of operations, offices, and agencies are:

1. Costs of construction, operation, and maintenance of buildings and equipment, the costs of operating and maintaining facilities,

2. Cost of any program or activity that is not otherwise specifically provided for in the budget, regardless of whether the program or activity is included in the budget. Costs so specified must be identifiable and allocable to the program or activity to which they relate.

3. Indirect costs include (a) the indirect cost of an activity or service attributable to a department or agency of the government, and (b) the costs of specific governmental services distributed through the various functions of Federal Government.

4. Indirect costs include (a) the indirect cost of an activity or service attributable to a department or agency of the government, and (b) the costs of specific governmental services distributed through the various functions of Federal Government.

5. "Accumulated" means the documentation prepared by a governmental unit or subunit of government.

6. "Accumulated" means the documentation prepared by a governmental unit or subunit of government.

7. "Accumulated" means the documentation prepared by a governmental unit or subunit of government.

8. "Accumulated" means the documentation prepared by a governmental unit or subunit of government.
The distribution base may be (1) total direct costs (excluding capital expenditures and other distortions) or (2) cost objects.

However, the concept of cost object may be expanded to include other activities in which indirect costs are incurred, even if they do not represent specific items of cost.

2. Simpler method.

The distribution of indirect costs may be accomplished by (1) assigning the costs to each cost object or (2) assigning the costs to each cost object on the basis of a sufficient number of cost objects, or (3) assigning the costs to each cost object on the basis of a sufficient number of cost objects, or (4) assigning the costs to each cost object on the basis of a sufficient number of cost objects.

3. Distribution of costs.

The distribution of indirect costs may be accomplished by assigning the costs to each cost object on the basis of a sufficient number of cost objects.
for developing a non-restrictive use will be used except for the allocation of the administrative functions of the Office of Management and Budget. The allocation of these administrative functions should be made provided that (1) the base includes the specific indirect costs related to the administrative functions as defined by the standards established by the Office of Management and Budget, (2) the base includes the specific indirect costs related to the administrative functions as defined by the standards established by the Office of Management and Budget, (3) the base includes the specific indirect costs related to the administrative functions as defined by the standards established by the Office of Management and Budget, and (4) the base includes the specific indirect costs related to the administrative functions as defined by the standards established by the Office of Management and Budget.

4. Special indirect cost bases:

Identified with the pool:

The distribution of costs in accordance with the principles set forth in this section of the Circular may be made to the extent that the distribution results in a equitable and administratively feasible distribution of the costs of the activities included in the pool.

c. The distribution base used in computing the indirect costs incurred for each activity is the total direct costs included in the distribution base.

d. Except where a special indirect cost base is prescribed in accordance with the principles set forth in this section of the Circular, the distribution base used in computing the indirect costs incurred for each activity is the total direct costs included in the distribution base.

3. Multiple allocation base method:

which results in an equitable distribution.
3. Required contribution. Each indirect cost rate proposal shall be accompanied by a certification in the form:

"The indirect cost rate proposal is submitted in accordance with applicable regulations and procedures, including the U.S. Department of Education's Office of Management and Budget (OMB) Circular A-110, Certification of Indirect Costs and OMB Circular A-133, Audits of States, Local Governments, and Nonprofit Organizations.

The indirect cost rate proposal for [insert institution name] is a representation of the actual costs incurred for the period of [insert period] and is supported by a detailed breakdown of the costs. The proposal includes all indirect costs, including those reimbursable under the Cost Share Agreement.

Signature:
[Signature]
[Date]

[Institution Name]

4. Submission of indirect cost rate proposals.

a. Indirect cost rate proposal shall be submitted to the U.S. Department of Education within 90 days of the end of the period for which the proposal is submitted.

b. The proposal shall be accompanied by a detailed certification of the accuracy and completeness of the costs included.

The proposal shall be accompanied by a supporting statement from the institution certifying:

1. That the proposal is consistent with the institution's financial records and that the costs included are reasonable and allow for the efficient operation of the institution.

2. That the proposal is supported by adequate documentation and that the costs are accurately reflected in the proposal.

The proposal shall be accompanied by a detailed budget and financial statements for the period for which the proposal is submitted.

The proposal shall be submitted to the U.S. Department of Education within 90 days of the end of the period for which the proposal is submitted, along with a detailed description of the costs included.

The proposal shall be accompanied by a certification from the institution certifying that the costs included are reasonable and allow for the efficient operation of the institution.
These adjusted or revised costs will be made regardless of the type of the adjustment (preliminary, final, or revised) and will be made available to Federal awards.

4. Revisions shall be made if proposals are later found to have included costs that (a) are unallowable, (b) are allowable but not allocable to Federal awards.

The results of each adjustment shall be formatted in a written agreement between the cognizant agency.

2. The use of predecisional revisions is allowed when the cognizant agency has reasonable assurance based on post experience and audit of the adjustment.

3. The results of each adjustment shall be formatted in a written agreement between the cognizant agency.

4. Revisions shall be made if proposals are later found to have included costs that (a) are unallowable, (b) are allowable but not allocable to Federal awards.

E. Certification of Indirect Costs

I, the undersigned, hereby certify that I have reviewed the indirect cost rate proposal submitted hereunto, and to the best of my knowledge and belief:

This is to certify that I have reviewed the indirect cost rate proposal submitted hereunto, and to the best of my knowledge and belief:

CERTIFICATE OF INDIRECT COSTS