

## 3100POL Allowable Costs, Classification of Costs and Prior Approval Policy

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Effective Date: July 2015

Last Modified November 2017

### **Allowable Costs**

The policy of the Olympic Consortium is to follow the allowable cost requirements stated in the 2 CFR 200; the Workforce Innovation and Opportunity Act and its regulations, and state policies. Some equipment and capital expenditures are allowable only if approval is granted prior to the purchase. In accordance with 2 CFR 200, Employment Security requires that all entities receiving WIOA funds request and obtain prior approval for all single item equipment and capital improvement purchases that cost \$5,000 or more.

### **§ 200.403 Factors affecting allowability of costs.**

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards (For specific allowable costs, see 2 CFR 200.400):

- a. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-Federal entity.
- d. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- e. Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this Part.
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period. See also § 200.306 Cost sharing or matching paragraph (b).
- g. Be adequately documented. See also §§ 200.300 Statutory and national policy requirements through 200.309 Period of performance of this Part.

### **Classification of Costs**

Costs are classified as direct or indirect costs according to 2 CFR 200.400. All costs will be consistently classified in order to avoid any duplicates within the system. All direct costs will be identified with the principles of the Direct Costs, 2 CFR 200.413. All indirect costs will follow the Indirect Costs, 2 CFR 200.414 principles.

### **Prior Approval**

Some equipment and capital expenditures are allowable only if approval is granted prior to the purchase. The Olympic Consortium requires all entities that receive Consortium funds request and obtain prior approval for all single item equipment and capital improvement purchases that cost \$5,000 or more. This request must be in writing and detail not only the item(s) description and cost but the reason for the proposed purchase. The request will be forwarded to the grantor agency, Washington State Employment Security Department for acceptance or rejection.

**REFERENCES**

Cost Principles, General Provisions, Code of Federal Regulations Title 2, Subtitle A, Chapter II Part 200, [2 CFR §200.400](#)

Direct and Indirect (F&A) Costs, Direct Costs, Code of Federal Regulations Title 2, Subtitle A, Chapter II Part 200, [2 CFR §200.413](#)

Direct and Indirect (F&A) Costs, Indirect (F&A) Costs, Code of Federal Regulations Title 2, Subtitle A, Chapter II Part 200, [2 CFR §200.414](#)

Factors affecting allowability of costs, Basic Considerations, Code of Federal Regulations Title 2, Subtitle A, Chapter II Part 200, [2 CFR 200.403](#)