

Grants Training

Module 4, Lesson 3



Council on Financial Assistance Reform (COFAR)

FEDERAL GRANTS MANAGEMENT 101

Uniform Guidance Subpart E Cost Principles Lesson 3




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Lesson 3:

Costs that Require Prior Written Approval

At the completion of this lesson, you will have a basic understanding of costs that require prior written approval.



Signature



Lesson 3: Costs that Require Prior Written Approval

200.413(c) – Salary of administrative and clerical staff

200.438 – Entertainment costs

200.439 – Equipment and other capital expenditures

200.440 – Exchange rates

200.441 – Fines, penalties, damages and other settlements

200.447 – Insurance and indemnification

200.454 – Memberships, subscriptions, and professional activity costs

200.455 – Organization costs

200.456 – Participant support costs

200.458 – Pre-award costs

200.474 – Travel costs

Miscellaneous other costs



§ 200.413(c): Salary of Administrative and Clerical Staff

- Salaries normally treated as indirect costs
- Charging as direct cost appropriate only if:
 - Services integral to a project or activity
 - Individuals specifically identified with the project or activity
 - Included in the budget or have prior written approval
 - Not also recovered as indirect costs





§ 200.438: Entertainment Costs

- Generally unallowable
- Limited exceptions for programmatic purposes





§ 200.439: Equipment and Other Capital Expenditures

- Unallowable as direct cost unless non-Federal entity (NFE) obtains prior written approval from the Federal awarding agency:
 - Expenditures for general purpose equipment, buildings, and land
 - Expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life
- Allowable as direct cost:
 - Expenditures for special purpose equipment
 - Items with a unit cost of \$5,000 or more require prior written approval of the Federal awarding agency or pass-through entity





§ 200.440: Exchange Rates

- Cost increases for fluctuations
 - Is allowable if funding is available
 - Requires prior written approval if additional Federal funding is needed or funding costs results in reducing the scope of the project
- Determine if additional funding needed before expiration of award





Knowledge Check

Which costs require prior written approval?

Select all responses that apply.

- Expenditures for general purpose equipment, buildings, and land
- Expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life
- Expenditures for special purpose equipment
- Items with a unit cost of \$5,000 or more



Knowledge Check

Which costs require prior written approval?

- ✓ Expenditures for general purpose equipment, buildings, and land
- ✓ Expenditures for improvements to land, buildings, or equipment which materially increase their value or useful life
- ✓ Expenditures for special purpose equipment
- ✓ Items with a unit cost of \$5,000 or more

Correct!

All of these costs require prior written approval.



§ 200.441: Fines, Penalties, Damages, and Other Settlements

- Unallowable costs
 - Violations
 - Alleged violations
 - Failure to comply
- Exceptions
 - Result of compliance with specific provisions of the award
 - Prior written approval of the Federal awarding agency





§ 200.447: Insurance and Indemnification

- Allowable if required or approved and maintained pursuant to Federal award
- Subject to limitations:
 - Types, extent, and cost of coverage in accordance with NFE policy and sound business practice
 - Medical liability insurance only to the extent that Federal research programs involve human subjects or training of participants in research techniques





§ 200.447: Insurance and Indemnification, cont'd

- Unallowable coverage
 - Risk of loss or damage to Federal Government property
 - Lives of trustees, officers, or other employees when the NFE is identified as the beneficiary
 - Correcting defects in the NFE's materials or workmanship
 - Actual losses which could have been covered by permissible insurance





§ 200.454: Memberships, Subscriptions, and Professional Activity Costs

● Allowable

- Membership in business, technical, and professional organizations
- Subscriptions to business, professional, and technical periodicals
- Membership in any civic or community organization with prior written approval

● Unallowable

- Membership in any country club or social or dining club or organization
- Membership in organizations whose primary purpose is lobbying





§ 200.455: Organization Costs

- Unallowable unless with prior written approval
- Costs connected to establishment or reorganization:
 - Incorporation fees
 - Brokers' fees
 - Fees to promoters, organizers, or management consultants
 - Fees to attorneys, accountants, or investment counselors





Knowledge Check

Which of the following insurance and indemnification costs is allowable?

Select the correct response.

- Medical liability insurance only to the extent that Federal research programs involve human subjects or training of participants in research techniques
- Insurance on the lives of trustees, officers, or other employees when the NFE is identified as the beneficiary
- Insurance with respect to correcting defects in the NFE's materials or workmanship
- Actual losses which could have been covered by permissible insurance



Knowledge Check

Which of the following insurance and indemnification costs is allowable?

- Medical liability insurance only to the extent that Federal research programs involve human subjects or training of participants in research techniques

Insurance on the lives of trustees, officers, or other employees when the NFE is identified as the beneficiary

Insurance with respect to correcting defects in the NFE's materials or workmanship

Actual losses which could have been covered by permissible insurance

Correct!

Medical liability insurance only to the extent that Federal research programs involve human subjects or training of participants in research techniques is the only allowable cost.

Select Next to Continue.



§ 200.456: Participant Costs

- Are allowable with prior written approval
- Defined in Section 200.75
- Includes costs such as:
 - Stipends or subsistence allowances
 - Travel allowances
 - Registration fees for conferences or training projects





§ 200.458: Pre-Award Costs

- Allowable if:
 - Incurred prior to effective date of award
 - Incurred in anticipation of award
 - Must be necessary for efficient and timely performance of the scope of work
 - Are allowable only if costs would have been allowed if incurred after date of award

- NFE incurs any pre-award costs at its own risk





Pre-Award Costs Example

- NFE purchases equipment prior to start of field work
- Cost is necessary for efficient and timely performance
- Cost is allowable if incurred after award
- NFE assumes risk of costs incurred before award





§ 200.474: Travel Costs

- Requires prior written approval for:
 - Section 200.444 General costs of government, travel of officials when specifically related to an award
 - Dependents when duration of travel exceeds 6 months





Miscellaneous Other Costs

- Prior written approval required for:
 - Section 200.430(h) – IHE compensation over institutional base salary
 - Section 200.462 – Rearrangement and reconversion costs





Knowledge Check

Which participant costs are allowable with prior written approval?

Select all responses that apply.

- Conference opening reception fee
- Conference registration fee
- Stipend
- Subsistence allowance
- Training registration fee
- Travel allowance

Submit



Knowledge Check

Which participant costs are allowable with prior written approval?

Conference opening reception fee

- Conference registration fee
- Stipend
- Subsistence allowance
- Training registration fee
- Travel allowance

Incorrect

That is partially correct. All of these participant costs are allowable with prior written approval except the conference opening reception fee.

Select Next to Continue.