

# Allowable Cost Checklist for Federal Funds

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under federal awards. Answering “Yes” to all of the following questions implies that a cost may be allowable.

## Is the cost:

### Necessary (2 CFR § 200.403(a))

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- Is the cost necessary to carry out the plan of the federal program?  Yes  No

### Reasonable (2 CFR § 200.404)

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- Did the agency follow its purchasing or procurement procedures?  Yes  No
- Is the cost in line with fair market prices for comparable goods or services?  Yes  No
- Would a “prudent person” agree that the item is reasonable?  Yes  No

### Conforming to Limitations or Exclusions (2 CFR § 200.403(b))

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- Is the cost permissible and NOT disallowed under the 55 specific items of cost found in the Uniform Grant Guidance 2 CFR § 200.420-475?  Yes  No
- Is the cost permissible under the program statute and regulations?  Yes  No
- Is the cost permissible under the terms and conditions of the sub award?  Yes  No
- Is the cost permissible under state statute?  Yes  No
- Is the cost permissible under the agency policies?  Yes  No

### Consistent with Policies and Procedures (2 CFR § 200.403(c))

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- Are the agency’s policies and procedures consistent among funding sources?  Yes  No
- Do the agency’s policies and procedures apply the same rules for federal programs as they do for state and local programs?  Yes  No
- Would the cost be the same amount if it was funded by a state or local program?  Yes  No

### Accorded Consistent Treatment (2 CFR § 200.403(d))

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- Is the cost excluded from the agency’s indirect cost rate?  Yes  No
- Is the cost treated the same for the federal program as it is for state and local programs?  Yes  No

### Allocable (2 CFR § 200.405(a))

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- Is the cost incurred specifically for the federal program?  Yes  No
- If the cost benefits the federal program and other work of the agency, was the cost distributed in proportions that may be approximated using reasonable methods?  Yes  No
- Was the cost not incurred because another grant ran out of funds?  Yes  No

### Determined in Accordance with Generally Accepted Accounting Principles (2 CFR § 200.403(e))

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- Is the cost determined in accordance with Generally Accepted Accounting Principles (GAAP) or as otherwise provided for in the Uniform Grant Guidance?  Yes  No

### Not used for cost sharing or matching requirements (2 CFR § 200.403(f))

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- Is the cost not being used to meet cost sharing or matching requirements of any other federally-financed program?  Yes  No

### Adequately Documented (2 CFR § 200.403(g) and 2 CFR § 200.302(b)(3))

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- Do you have the documentation demonstrating the need, the purchase, and use of the item?  Yes  No
- Do you have records that identify the source and application of funds and contain information regarding authorizations, obligations, unobligated balances, assets, expenditures, income and interest that are supported by source documentation?  Yes  No

### Supplemental

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- Does the cost meet the supplemental requirements of the federal grant program?  Yes  No