



Spokane Area Workforce Development Council

ALLOWABLE COSTS POLICY

SAWDC Operations Policies

POLICY #: G111

Effective: July 2015

Purpose

Spokane Area Workforce Development Council (“Corporation”) is a nonprofit corporation organized under the laws of the State of Washington. The Corporation is committed to ensuring that all costs charged to Federal and/or State funded grants and contracts are allowable, allocable, reasonable and are conducted in accordance with grant terms and conditions, as well as the Corporation’s policies. The following policies and guidelines (“Policy”) govern allowable costs for Federal awards.

Policy

Only costs allowed pursuant to OMB 2 CFR 200 subpart E – Cost Principles (including any successor or replacement Circular or regulation) and those included in the scope of the budget, provided financial means, shall be allowed. In addition, to be allowable, costs must further be accorded consistent treatment, adequately documented, consistent with all requirements of the grant or contract, incurred through standard procurement practices, and free from conflict of interest.

In addition to being allowable, the Corporation requires that a cost be reasonable. Costs are reasonable if they do not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness of a specific cost must be scrutinized with care. In determining reasonableness, consideration must be given to the following:

- Whether the cost is or is not generally recognized as ordinary and necessary to the performance of the grant or contract;
- Whether the restraints and requirements imposed are or are not consistent with generally accepted sound business practices and arm’s length bargaining; and
- Whether there are or are not significant deviations from established procurement practices of the Corporation.

WIOA Funds Expenditures

Expenditures of WIOA funds are allowable only for those activities permitted by the WIOA Title I and related regulations. Sections 683.235 through 683.290 and Section 679.410 describe prohibitions against specific activities. When planning a program or expenditures, recipients of WIOA funds are advised to review all relevant federal documents. The Corporation and all subrecipient service providers will follow all relevant federal documents and OMB circulars regarding allowable and unallowable costs.

Prior Approval of Certain Costs: Capital expenditures for general purpose equipment are allowable as direct costs, provided that items with a unit cost of \$5,000 or more have the prior written approval of the Federal awarding agency or pass-through entity.

Capital expenditures for improvements to, buildings or equipment which materially increase their value or useful life are unallowable as a direct cost except with the prior written approval of the Federal awarding agency, or pass-through entity.

Capital expenditures for equipment, including replacement equipment, other capital assets, and improvements which materially increase the value of useful life of equipment or other capital assets are allowable as a direct cost when approved by the Federal awarding agency, or pass-through entity.

DEFINITIONS:

Capital expenditure: the cost of the asset including the cost to put it in place. Capital expenditure for equipment means the net invoice price of the equipment, including the cost of any modifications, attachments, accessories, or auxiliary apparatus necessary to make it usable for the purpose for which it is to be acquired.

Equipment: an article of non-expendable, 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 governmental unit for financial statement purposes or (b) \$5,000.

Other capital assets: buildings, land, and improvements to buildings or land that materially increase their value of useful life.

REFERENCE:

- Washington State Policy #3260 Allowable Costs and Prior Approval Requirements
- Public Law 105-200
- OMB 2 CFR Part 200.302(7) and Subpart E - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards
- Federal Register Vol. 80, No.73, Workforce Innovation and Opportunity Act: Notice of Proposed Rulemaking: Proposed Rules
- Generally Accepted Accounting Procedures (GAAP)
- 31 CFR, Part 205


SUPERSEDES: None

Revision History: New policy July 2015

CERTIFICATE OF ADOPTION

The foregoing Policy was duly adopted by the Board effective as of the 18th day of June, 2015.

SPOKANE AREA WORKFORCE DEVELOPMENT COUNCIL



ROB GORANSON, Chair