

**HEALTH CARE FOR THE HOMELESS/FARMWORKER HEALTH PROGRAM (HCH/FH)  
Finance Committee Meeting**

San Mateo Medical Center| 222 W. 39th Avenue 2nd Floor (Education classroom 1) San Mateo  
December 14, 2017, 8:00 A.M – 9:00 A.M.

**AGENDA**

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|-----------|-----------------------------------|--|----------------|
| <b>A.</b> | <b>CALL TO ORDER</b>              |  | <b>8:00 AM</b> |
| <b>B.</b> | <b>CHANGES TO ORDER OF AGENDA</b> |  | <b>8:03 AM</b> |
| <b>C.</b> | <b>PUBLIC COMMENT</b>             |  | <b>8:05 AM</b> |

Persons wishing to address on matters NOT on the posted agenda may do so. Each speaker is limited to three minutes and the total time allocated to Public Comment is fifteen minutes. If there are more than five individuals wishing to speak during Public Comment, the Chairperson may choose to draw only five speaker cards from those submitted and defer the rest of the speakers to a second Public Comment at the end of the Board meeting. In response to comments on a non-agenda item, the Board may briefly respond to statements made or questions posed as allowed by the Brown Act (Government Code Section 54954.2) However, the Boards general policy is to refer items to staff for comprehensive action or report.

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|-----------|--|---------|----------------------|
| <b>D.</b> | <b>CONSENT AGENDA</b>                    |         |                      |
|           | 1. Meeting minutes from October 20, 2017 | Elli Lo | <b>TAB 1 8:08 AM</b> |

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|-----------|---|--------------|----------------------|
| <b>E.</b> | <b>REPORTING AGENDA:</b>                              |              |                      |
|           | 1. Review of Budget & Finance Report through November | Jim Beaumont | <b>TAB 2 8:10 AM</b> |
|           | 2. Review Unallowable Cost Materials                  | Elli Lo      | <b>TAB 3 8:30 AM</b> |

**BOARD COMMUNICATIONS AND ANNOUNCEMENTS**

Communications and Announcements are brief items from members of the Board regarding upcoming events in the community and correspondence that they have received. They are informational in nature and no action will be taken on these items at this meeting. A total of five minutes is allotted to this item. If there are additional communications and announcements, the Chairperson may choose to defer them to a second agenda item added at the end of the Board Meeting.

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|-----------|--------------------|--|----------------|
| <b>G.</b> | <b>ADJOURNMENT</b> |  | <b>9:00 AM</b> |
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Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation (including auxiliary aids or services) to participate in this meeting, or who have a disability and wish to request an alternate format for the agenda, meeting notice, or other documents that may be distributed at the meeting, should contact the HCH/FH Program Coordinator at least five working days before the meeting at (650) 573-2966 in order to make reasonable arrangements to ensure accessibility to this meeting and the materials related to it. The HCH/FH Co-Applicant Board regular meeting documents are posted at least 72 hours prior to the meeting and are accessible online at: <http://www.smchealth.org/meeting/hchfh-meetings>.

**TAB 1**  
**Meeting Minutes**

**Request to Approve**  
**(Consent Agenda)**

**Healthcare for the Homeless/Farmworker Health Program (Program)  
 Co-Applicant Board Meeting Minutes (Oct 20, 2017)  
 SMC Health System| 225 37th Ave. (Diamond Rm) San Mateo**

Co-Applicant Board Members Present

Allison Ulrich  
 Christian Hansen  
 Robert Anderson

County Staff Present

Jim Beaumont  
 Elli Lo

Members of the Public

ITEM	DISCUSSION/RECOMMENDATION	ACTION
Call To Order	Meeting was called to order at 9:05 A.M. Everyone present introduced themselves.	
Regular Agenda Public Comment	No Public Comment at this meeting.	
Reporting Agenda: Information on Program Budget	<p>Program Director Jim Beaumont gave an introduction and overview on program budget, details on how budget was calculated.</p> <p>Allison asked to follow up with materials on unallowable expense of HRSA grant at the next meeting.</p>	
Adjournment	Time 10:50 A.M.	

**TAB 2**

**Budget &  
Finance Report  
through  
November**

DATE: December 14, 2017

TO: Co-Applicant Board, San Mateo County Health Care for the Homeless/Farmworker Health (HCH/FH) Program

FROM: Jim Beaumont  
Director, HCH/FH Program

SUBJECT: HCH/FH PROGRAM BUDGET and FINANCIAL REPORT

Grant expenditures to date – through November 30, 2017 – currently reported as \$ 1,691,441. At year end, we now project to have spent only \$1,880,972.

November saw a significant decrease in the rate of expenditure against our contracts and MOUs. Based on this, we now expect to underspend our budgeted contract/MOU amount by approximately \$450,000 (26%). This has driven the total anticipated unexpended funds for the grant year to \$669,032, which represents over 25% of our budget.

As reported last month, this also does not include the 2017 AIMS (\$175,700) and QI (\$25,596) awards, nor the approved carryover of the DSHII (\$50,748) and QI (\$35,556) awards from 2016. While we expect to be able to carryover all (or most) of the 2017 awards, due to the how late in the year they were awarded, any expenditures on the 2016 carryovers are actually already included/projected in the expenditure report. Therefore, the total unexpended amount (that will not be able to be carried-over) projected for the end of the year is now approximately \$750,000.

We do anticipate being able to allocate some of the funding to small funding requests, but these have mostly already been allocated and it will total less than \$30,000.

As reported in the Director's Report, while the County is negotiating the contract for the purchase and implementation of a Case Management/Care Coordination System, of which HCH/FH will be a participant, they will not have that completed in this budget year, so we will not be able to utilize any unexpended funds toward that project.

Attachment:

- GY 2017 Summary Report

**GRANT YEAR 2017**

<b>Details for budget estimates</b>	<b>Budget</b> [SF-424]	<b>To Date</b> <b>(11/30/17)</b>	<b>Projection for</b> GY (+~4 wks)	<b>Projected for GY 2018</b>
<u>Salaries</u>				
Director				
Program Coordinator				
Medical Director				
Management Analyst new position, misc. OT, other, etc.				
	<u>490,000</u>	<u>398,925</u>	<u>430,000</u>	<u>625,000</u>
<u>Benefits</u>				
Director				
Program Coordinator				
Medical Director				
Management Analyst new position, misc. OT, other, etc.				
	<u>250,000</u>	<u>139,608</u>	<u>155,000</u>	<u>315,000</u>
<u>Travel</u>				
National Conferences (1500*4)		19,145	21,000	20,000
Regional Conferences (1000*5)		3,084	3,500	5,000
Local Travel		1,076	1,500	2,000
Taxis		4,284	4,900	5,000
Van		411	800	1,000
	<u>25,000</u>	<u>28,000</u>	<u>31,700</u>	<u>33,000</u>
<u>Supplies</u>				
Office Supplies, misc.	10,500	1,347	2,500	12,500
Small Funding Requests		2,217		
	<u>10,500</u>	<u>3,564</u>	<u>2,500</u>	<u>12,500</u>
<u>Contractual</u>				
2016 Contracts		34,172	34,172	
2016 MOUs		20,100	20,100	
Current 2017 contracts	857,785	532,643	590,000	850,000
Current 2017 MOUs	811,850	502,000	575,000	850,000
---unallocated---/other contracts	63,369			
	<u>1,733,004</u>	<u>1,088,915</u>	<u>1,219,272</u>	<u>1,700,000</u>
<u>Other</u>				
Consultants/grant writer	20,000	21,680	25,000	45,000
IT/Telcom		4,537	6,000	6,000
New Automation			0	-
Memberships			4,000	4,000
Training		1,715	2,500	4,000
Misc (food, etc.)		4,497	5,000	5,500
	<u>41,500</u>	<u>32,429</u>	<u>42,500</u>	<u>64,500</u>
<b>TOTALS - Base Grant</b>	<u>2,550,004</u>	<u>1,691,441</u>	<u>1,880,972</u>	<u>2,750,000</u>
<b>HCH/FH PROGRAM TOTAL</b>	<u>2,550,004</u>	<u>1,691,441</u>	<u>1,880,972</u>	<u>2,750,000</u>
<b>PROJECTED AVAILABLE</b>	<b>BASE GRANT</b>		<b>669,032</b>	5,504
				based on est. grant of \$2,750,004
				Does not include AIMS or QI award for 2017, nor carryover of DSHII & QI awards from 2016 (approx. \$287,000).

**TAB 3**

**Unallowable Cost  
Materials**

# What are Unallowable Costs and How Can I Avoid Them?

Vera M. Messina, Nikita Baker and Valerie Holm

*Office of Federal Assistance Management  
Health Resources and Services Administration*

8/17/2016



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## Presenters

- **Vera M. Messina – Health Center Branch Chief**
  - Division of Grants Management Operations (DGMO), Office of Federal Assistance Management
- **Nikita Baker – Grant Reviews Team Lead**
  - Special Reviews Branch, Division of Financial Integrity (DFI), Office of Federal Assistance Management
- **Valerie Holm – Senior Advisor**
  - Division of Financial Integrity (DFI), Office of Federal Assistance Management



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## Agenda

### Tips for Success

- Applicable Statutory, Regulatory, and National Public Policy Requirements
- Funding Restrictions
- Federal Budget Costs Review

### Post Award Monitoring and Audits

- Standards for Financial Management Systems
- Internal Controls
- Adequate supporting documentation for budget expenditures
- Division of Financial Integrity Grant Reviews
- Audit Resolution



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## Tips for Success

**To ensure that you are using the funds in accordance to your approved budget and work plan here are some tips to help you:**

- Have clear and distinct separation of duties
- Immediately consult with the HRSA Grants Management Specialist and/or Project Officer regarding any anticipated change of budget or unallowable costs
- Ensure that at least two health center employees are making the regular decisions on the use or accounting for funds to minimize the likelihood of errors.



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## Tips for Success

### Successful grant management includes sound policies and procedures around:

- Internal Controls
- Segregation of Duties
- General Ledger Account Reconciliation
  - (Cash – monthly)
  - (Grant Program Expense - monthly/quarterly)
  - (All General Ledger – annually)
- Budget Planning
- Personnel and Time & Effort Reporting
- Travel
- Equipment, Inventory and Supplies
- Procurement



## Tips for Success

### Benefits of having a good financial management system:

- Avoid findings for unallowable costs
- Maintain effective control over and accountability for all assets
  - Adequately safeguard those assets
  - Ensure that they are used only for authorized purposes
- Ability to compare actual expenditures or outlays with the approved budget for the award
- Ensure your costs meet Federal cost principles, program regulations, and other requirements as cited in the NoA



## Statutory, Regulatory, and National Public Policy Requirements

### Available Resources for Proper Financial Management of your Grant:

- [FOAs and Non-Competing Continuation Instructions \(including HRSA SF-424 Two-Tier Application Guide\) hyperlink these too](#)
- Statutory and National Policy Requirements
- [45 CFR Part 75](#)
- [Policy Information Notice \(PIN\) 2013-01 - Health Center Budgeting and Accounting Requirements](#)



## Funding Restrictions

In accordance with Statutory and National Public Policy Requirements, the list below provides a list of initiatives and items that are not to be funded or supported with federal funds:

1. Salary Limitation (Section 202)
2. Gun Control (Section 210)
3. Anti-Lobbying (Section 503)
4. Acknowledgment of Federal Funding (Section 505)
5. Restriction on Abortions (Section 506)
6. Exceptions to Restriction on Abortions (Section 507)
7. Ban on Funding Human Embryo Research (Section 508)
8. Limit on Use of Funds for Promotion of Legalization of Controlled Substances (Section 509)
9. Dissemination of False or Misleading Information (Section (515(b))
10. Restriction on Distribution of Sterile Needles (Section 520)
11. Restriction of Pornography on Computer Networks (Section 521)
12. Restriction on Funding ACORN (Section 522)



## Federal Budget Costs Review

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### Budgeted costs must be:

- Allowable
- Allocable
- Reasonable



## Federal Budget Costs Review

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### Allowable Costs Must:

- Be necessary and reasonable for the performance of the Federal award and allocable
- Conform to any limitations or exclusions
- Be consistent with policies and procedures
- Be accorded consistent treatment



## Federal Budget Costs Review

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### Allowable Costs Must:

- Be determined in accordance with generally accepted accounting principles (GAAP)
- 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.
- Be adequately documented



## Federal Budget Costs Review

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### Allocable Costs Must:

- Be incurred specifically for the Federal award
- Benefit both the Federal award and other work of the non-Federal entity and be distributed in proportions that may be approximated using reasonable methods
- Be necessary to the overall operation of the non-Federal entity and is assignable in part to the Federal award



## Federal Budget Costs Review

### Health Center Funds are Allocable if:

- All proposed expenditures directly relate to and support in-scope activities
- The scope of project defines the approved service sites, services, providers, service area(s) and target population which are supported (wholly or in part) under the total budget



## Federal Budget Costs Review

### Reasonable Costs Must:

- Be generally recognized as ordinary and necessary for operations and performance
- Restraints or requirements are in place
- Must be comparable to market prices for goods or services
- Indicate that individuals acted with prudence for the circumstances
- Must not significantly deviate from established practices and policies



## Federal Budget Costs Review

### Personnel Costs:

Example:

Name	Position Title	% of FTE	Annual Salary	Amount Requested
J. Smith	Chief Executive Officer	50	185,100*	\$92,550
R. Doe	Nurse Practitioner	100	\$75,950	\$75,950
D. Jones	Data/AP Specialist	25	\$33,000	\$8,250

\*Actual Annual Salary = \$255,000



## Federal Budget Costs Review

### Fringe Benefits Must:

- Include components of the fringe benefit rate for items such as health insurance, taxes, unemployment insurance, life insurance, retirement plan, tuition reimbursement
- Be directly proportional to the portion of personnel costs allocated for the grant
- Be adjusted proportionally if an individual's base salary exceeds the legislative salary cap (i.e., \$185,100)



## Federal Budget Costs Review

### Travel Expenses Include:

- Transportation, lodging, subsistence, and related items incurred by employees
- Transporting patients to the site where services are being provided, including costs of public or private transportation (i.e. fare cards, vouchers)



## Federal Budget Costs Review

### Equipment Expenses Include:

Tangible personal property (including information technology systems)

- With a useful life of more than one year and
- A per-unit acquisition cost of \$5,000 or one that equals, or exceeds the lesser of the established capitalization level by the non-Federal entity for financial statement purposes
- Examples:
  - Medical or scientific equipment (i.e. x-ray machine)
  - Automobiles, vans, trucks
  - Computer servers
  - Furniture
  - Electronic Health Records software and systems



## Federal Budget Costs Review

### Supplies Expenses Include:

- Personal property other than equipment, intangible property, and debt instruments
- The category of “supplies” includes items that could be considered equipment, but do not meet the threshold definition
- Examples:
  - Medical – Consumable items (gloves, syringes)
  - Medical – Tangible items (stethoscopes, blood pressure monitors, scales, electronic thermometers)
  - Office supplies (paper, pencils, pens, toner)
  - Instructional materials (brochures, guides)
  - Technology support (peripherals, flash drive)
  - Computers, laptops, personal printers, fax machines, telephones



## Federal Budget Costs Review

### Other Considerations\* Include:

- Audit costs
- Board meeting expenses (except food)
- Communication (phones, postage)
- Facilities costs – rent, utilities
- Insurance
- Licenses (professional)
- Marketing, promotional
  - Must be allocable to HRSA sponsored services – not solely organization
- Printing costs
- Patient travel
- Publications, subscriptions
- Software (EHR/EMR, licenses, installation)
- Training, registration fees, meetings



## Federal Budget Costs Review

### Contractual Obligations Include:

- Written binding agreements for goods or services
- Patient care (sub-recipients, medical services)
- Non-patient care
  - Consultants, professional services
  - Equipment maintenance
  - Facilities – leases, janitorial, maintenance



## Federal Budget Costs Review

### Line Item Budget Must Include:

- For equipment, major supply items and other individually identifiable items:
  - Item name and description
  - Number and cost per unit
- For other supplies (e.g. office, medical):
  - Total or cost per participant/month
- For travel:
  - Transportation costs, per diem, registration and other costs per person per trip



## Federal Budget Costs Review

### Examples of Unallowable Costs Include:

- Bad debt
- Conference Costs
- Contingency Funds (Miscellaneous Funds)
- Donations and Contributions
- Entertainment
  - Costs incurred for amusement, diversion, and social activities and any associated costs
  - Generally speaking, entertainment costs are unallowable. Check with your Grants Management Specialist if you have questions.
- Fundraising costs
- Fines, penalties



## Federal Budget Costs Review

### Examples of Unallowable Costs Include:

- Honoraria (except as a payment for services rendered, such as a speaker's fee under a conference grant)
- Interest on borrowed capital or the use of the non-Federal entity's own funds
- Financing costs (including interest) to acquire, construct, or replace capital assets are allowable subject to conditions in §75.449
- Lobbying
- Meals (generally unallowable)
- Promotional Items
  - items and memorabilia (e.g., pencils, cups, t-shirts, cookbooks, bags, etc.), gifts, and souvenirs designed to promote the recipient's organization are unallowable as advertising/public relations costs



## Standards for Financial Management Systems

### Standards Include:

- Ability to identify, in its accounts, all federal awards received and expended
- Ability to provide accurate, current, and complete financial results of each federal award
- Ability to provide records that adequately identify the source and application of funds for federally-funded activities



## Standards for Financial Management Systems

### Standards Include:

- Ability to maintain effective control over, and accountability for, all funds, property, and other assets
- Ability to provide for comparison of expenditures with budget amounts for each federal award
- Written procedures maintained and in place to implement the requirements of payment
- Written procedures maintained and in place to determine the allowability of costs



## Internal Controls

- Know and adhere to the standards in 45 CFR 75 and laws and conditions associated with each federal award received
- Establish and maintain written policies
- Have appropriate segregation of duties
- Maintain stringent controls on cash
- Maintain support for expenditures



## Supporting Documentation

### Adequate supporting documentation requirements:

- Costs should have clear connection to the grant
- Costs incurred should support only items listed in the approved grant budget and applicable solely to the specific grant award
- Costs incurred that benefit more than one award or other work, or is necessary for overall operation of the organization and assignable in part to the award, must be allocated using a reasonable method
- Costs expended must not exceed total approved budgeted amounts
- Dates on invoices, payroll documents, receipts and other support should fall within the grant period and match accounting records





## Supporting Documentation

### Examples:

- Timesheets, paystubs, and other payroll documentation
- Receipt of purchase
- Copies of cancelled checks showing the amounts actually paid
- Sub-grantee agreements or contracts showing terms, conditions and cost of the services/goods
- Invoices showing vendor, date, amount paid, and details of items/services purchased
- Mileage logs including starting point, ending point, total miles and date
- Travel logs including reason for travel, airline receipts, hotel bills, etc. (must meet regulatory and internal organizational procedure requirements)



## Audits

### Types of Audits DFI Manages:

- Single Audits (formerly OMB A-133)
- Office of Inspector General, Office of Audit Services (OIG/OAS)
- Contractor Audits
- Grant Review
  - Conducted by the Division of Financial Integrity
  - Requested by Program/HRSA Management; or Hotline referral



## Grant Reviews

### The grant review process includes:

- Initiating the review and requesting information
- Conducting the review, including evaluating supporting documentation
- Drafting the review report
  - Includes findings, unallowable costs
- Providing findings, including any unallowable costs, to DFI Audit Resolution
- DFI Audit Resolution will determine if unallowable costs should be refunded



## Audit Resolution

### Audit Findings

- An audit finding is an instance of non-compliance with laws, regulations or provisions of grant agreements identified by the auditor during an audit

### Audit Resolution Process

- HRSA has 6 months to ensure corrective action has been taken
- Work directly with non-federal entity
- Once corrective action has been accepted, close out audit
- Mitigating Risk



## Audit Resolution

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### Non-monetary

- Procedural or programmatic concerns
- May result in a corrective action plan

### Monetary Findings

- May result in request for refund of grant funds relating to non-compliance, i.e. unallowable costs on grant
- HRSA stakeholder involvement (Project Officer, Grants Management Specialist, Senior Management, etc.)
- Must be supported by documentation



## Audit Resolution

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### HRSA's Second Most Prevalent Finding is Unallowable Costs

- Lobbying
- Entertainment
- Alcohol
- Lack of Supporting Documentation



## Key Points

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- Financial oversight is key
- Grantees should have adequate policies and procedures for fiscal oversight
- Use the approved budget as your guide
- Be compliant, and follow the rules of the FOA and NoA



## Key Points

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- Think Allowable, Allocable & Reasonable
- Your goal is to avoid questionable costs and audits
- When in doubt, consult your HRSA Grants Management Specialist or Project Officer





## Additional Resources

- [PART 75—Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards](#)
- [HHS Grants Policy Statement](#)
- [HRSA Manage Your Grant](#)



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## Questions and Contact Information

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**OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments  
Codified in 2CFR Section 225**

Circular A-87 provides principles and standards for determining costs for federal awards, including grants, cost reimbursement contracts, and other agreements with state and local governments, and federally recognized Indian tribal governments. Website: [http://www.whitehouse.gov/omb/circulars\\_a087\\_2004](http://www.whitehouse.gov/omb/circulars_a087_2004)

**Attachment A–Basic Guidelines**

Attachment A includes definitions, basic guidelines, classification of costs, and direct and indirect costs. To be allowable a cost must meet specific criteria. Basic Guidelines includes factors affecting allowability, reasonable costs, allocable costs and applicable credits.

**Allowability of Costs**

To be allowable a cost must:

- Be **necessary** and **reasonable** for proper and efficient performance and administration of federal awards
- Be **allocable** to federal awards
- Be **authorized** and not prohibited
- Conform to any limitations in the circular
- Be **consistent** and applied consistently (capital assets, direct vs. indirect costs, etc.).

Allowable if:

- Follows generally accepted accounting principles
- Not be used to meet cost sharing or matching of another federal award
- Is net of all applicable credits
- Is adequately documented

**Reasonable Costs**

- Prudent Person Test
- Ordinary and necessary for operation or performance of federal award
- Follows sound business practices; arms-length bargaining; follows laws/regulations federal terms
- Market price for comparable goods and services
- Administered with prudence
- No significant deviations; consistent with non-federal
- Benefits the program

**Attachment B–Specific Items of Cost**

Activity	Allowable	Explanation
<b>Accounting</b>	Yes	<ul style="list-style-type: none"> <li>• Cost to establish and maintain accounting and other information.</li> </ul>
<b>Advertising</b>	Yes	<ul style="list-style-type: none"> <li>• Recruitment of personnel</li> <li>• Procurement of goods and services</li> <li>• Disposal of surplus materials (unless reimbursed at standard</li> </ul>

		<ul style="list-style-type: none"> <li>rate)</li> <li>For specific purposes necessary to requirements of federal award</li> </ul>
<b>Advisory Councils</b>	Yes	<ul style="list-style-type: none"> <li>As direct cost if authorized by federal awarding agency</li> <li>As indirect cost where allocable to federal awards</li> </ul>
<b>Alcoholic Beverages</b>	No	
<b>Audit Services</b>	Yes	<ul style="list-style-type: none"> <li>If performed in accordance with Single Audit Act (and OMB Circular A-133)</li> <li>Percentage of costs charged to federal awards for single audit may not exceed percentage derived by dividing federal funds expended by total funds expended by recipient during fiscal year <ul style="list-style-type: none"> <li>Exceed only if appropriate documentation of higher costs</li> </ul> </li> <li>Other audit costs must be preapproved or part of indirect cost allocation plan or rate</li> </ul>
<b>Bad Debts</b>	No	<ul style="list-style-type: none"> <li>Unless specifically provided for in federal program award regulations</li> </ul>
<b>Bonding Costs</b>	Yes	<ul style="list-style-type: none"> <li>Costs of bonding employees and officials if in accordance with sound business practice</li> </ul>
<b>Budgeting</b>	Yes	<ul style="list-style-type: none"> <li>Costs for development, preparation, presentation and execution of the budget</li> </ul>
<b>Communications</b>	Yes	<ul style="list-style-type: none"> <li>Costs of: telephone, mail, messenger, etc.</li> </ul>
<b>Compensation for Personal Services</b>	Yes	<ul style="list-style-type: none"> <li>Comply with time and effort requirements and documentation</li> <li>Are reasonable for services rendered and conform to established policy of district consistently applied to both federal and non-federal employees</li> <li>Hired in accordance with district rules and meets merit system or other federal requirements</li> </ul>
<b>Contingencies</b>	No	<ul style="list-style-type: none"> <li>Contributions to contingency reserve for events which cannot be predicted</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>Self-insurance reserve</li> <li>Pension plan reserves</li> <li>Post-retirement health and other benefits computed with acceptable actuarial cost method</li> </ul>
<b>Contributions and Donations</b>	No	<ul style="list-style-type: none"> <li>All contributions and donations, including cash, property, and services by governmental units to others, regardless of recipient.</li> </ul>
<b>Defense and Prosecution of Criminal and Civil Proceedings and Claims</b>	No	<ul style="list-style-type: none"> <li>Costs incurred in defense of any civil or criminal fraud</li> <li>Costs incurred by a contractor in connection with any criminal, civil or administrative proceedings commenced by the United States or a state</li> <li>Legal expenses for prosecution of claims against the federal government</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>Legal expenses required to administer federal program</li> </ul>

<b>Depreciation and Use Allowances</b>	No	<ul style="list-style-type: none"> <li>• Land</li> <li>• Buildings or equipment purchased or donated by federal government or used as part of match</li> <li>• <i>See Circular for additional guidance</i></li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Use one or the other, not both for asset class</li> <li>• Follow district policy and GAAP</li> </ul>
<b>Disbursing Service</b>	Yes	<ul style="list-style-type: none"> <li>• Cost of disbursing funds</li> </ul>
<b>Electronic Data Processing</b>	Yes	<ul style="list-style-type: none"> <li>• See Equipment</li> </ul>
<b>Employee Morale, Health and Welfare Costs</b>	Yes	<ul style="list-style-type: none"> <li>• Costs of health, first-aid clinics and/or infirmaries, recreational facilities, employee counseling services, employee information publications, related expenses consistent with district policy</li> <li>• Income from any of these activities will be offset against expenses</li> </ul>
<b>Entertainment</b>	No	<ul style="list-style-type: none"> <li>• Costs of entertainment, including amusement, diversion and social activities and any costs directly associated with such costs <ul style="list-style-type: none"> <li>• Examples: tickets to shows or sports events, meals, lodging, rentals, transportation, gratuities</li> </ul> </li> </ul>
<b>Equipment and Capital Expenditures</b>	Yes	<ul style="list-style-type: none"> <li>• Through depreciation or use allowances, OR</li> <li>• Charged directly</li> <li>• Includes equipment, replacement equipment, other capital assets and improvements which materially increase the value or useful life of equipment <ul style="list-style-type: none"> <li>• Federal agencies may waive or delegate approval</li> </ul> </li> <li>• Equipment with acquisition cost of less than \$5000 are considered <b>supplies</b> <ul style="list-style-type: none"> <li>• Allowable as direct costs</li> </ul> </li> <li>• Change in capitalization level <ul style="list-style-type: none"> <li>• May continue to follow use or depreciation or amortize amount to be written off over period negotiated with cognizant agency (OSPI)</li> </ul> </li> <li>• Trade in for replacement equipment may be used to offset cost of new</li> </ul>
<b>Fines and Penalties</b>	No	<ul style="list-style-type: none"> <li>• Unless incurred as a result of compliance with <b><i>specific provisions of federal award or written instructions</i></b> by awarding agency authorizing (<i>rare</i>)</li> </ul>
<b>Fund Raising and Investment Management Costs</b>	No	<ul style="list-style-type: none"> <li>• Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions</li> <li>• Costs of investment counsel and staff to enhance income from investments</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Costs associated with pension, self-insurance or other funds which include federal participation</li> </ul>
<b>Gains and Losses On Disposition of Depreciable Capital Assets</b>	No	<ul style="list-style-type: none"> <li>• Amount depreciated, amortized, or use allowance</li> <li>• When property given in exchange as part of the price of similar item</li> <li>• Losses from failure to maintain insurance</li> </ul>

		<ul style="list-style-type: none"> <li>• Substantial relocation of federal awards from a facility where federal participation to another facility prior to expiration of useful life requires federal approval</li> <li>• Does not usually apply to United States Department of Education (ED) grants</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• <b>Allowable</b> in year they occur as credits or charges</li> <li>• <b>Limited to</b> difference between amount realized on the property and the undepreciated basis of the property</li> </ul>
<b>General Government Expenses</b>	No	<ul style="list-style-type: none"> <li>• Salaries and expenses of chief executives (superintendent's office, principal's office)</li> <li>• Salaries and expenses of school boards whether incurred for purposes of legislation or executive direction</li> <li>• Cost of prosecutorial activities unless authorized by program regulations (<i>rare</i>)</li> </ul>
<b>Idle Facilities and Idle Capacity</b>	No	<ul style="list-style-type: none"> <li>• Unless: <ul style="list-style-type: none"> <li>• Necessary to meet fluctuations in workload</li> <li>• Were necessary when acquired (limit one year)</li> <li>• <i>Does not usually apply to ED grants</i></li> </ul> </li> </ul>
<b>Insurance and Indemnification</b>	No	<ul style="list-style-type: none"> <li>• Costs of insurance or contributions to a reserve covering risk of loss of or damage to federal government property unless agency has specifically required or approved</li> <li>• Actual losses which could have been covered by permissible insurance</li> <li>• Cost of commercial insurance that protects against costs of contractor for contractor's defects in materials or workmanship</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Costs of insurance required, approved or maintained pursuant to the federal award</li> <li>• Costs of other insurance (allocable to program) <ul style="list-style-type: none"> <li>• Follow district policy and sound business practice</li> </ul> </li> <li>• Costs due to losses not covered due to nominal deductible insurance coverage if follow sound management practice</li> <li>• Minor losses not covered by insurance which occur in ordinary course of operations</li> <li>• Contributions to reserve for self-insurance programs (including workers compensation, unemployment compensation, and severance pay) subject to: <ul style="list-style-type: none"> <li>• Type of coverage, extent of coverage and rates would have been allowed had insurance been purchased to cover the risks</li> <li>• Earnings and investment income on reserves credited</li> <li>• Contributions to reserves based on sound actuarial principles and updated at district biennially</li> <li>• Other (see Section 25)</li> </ul> </li> <li>• Actual claims paid to or on behalf of former or current employees must be allowable in the year of payment <ul style="list-style-type: none"> <li>• Consistent policy followed</li> <li>• Allocated as general administrative expense to all</li> </ul> </li> </ul>

		<p>activities of district</p> <ul style="list-style-type: none"> <li>• Insurance refunds must be credit against costs</li> <li>• Only to extent provided in federal award</li> </ul>
<b>Interest</b>	No	<ul style="list-style-type: none"> <li>• Costs incurred for interest on borrowed capital or the use of district's own funds</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Financing costs of allowable costs of building acquisition, construction, reconstruction or remodeling if: <ul style="list-style-type: none"> <li>• Financing from bona fide third party external to district</li> <li>• Assets used in support of federal awards</li> <li>• Earnings on debt service reserve and interest offset</li> </ul> </li> </ul>
<b>Lobbying</b>	No	
<b>Maintenance, Operations and Repairs</b>	Yes	<ul style="list-style-type: none"> <li>• If: <ul style="list-style-type: none"> <li>• Not prohibited by law</li> <li>• Keeps property in efficient operating condition</li> <li>• Does not add to value or prolong life of property</li> <li>• Are not included in rental or charges for space</li> <li>• <i>Costs which add to permanent value or prolong life should be treated as capital expenditures</i></li> </ul> </li> </ul>
<b>Materials and Supplies</b>	Yes	<ul style="list-style-type: none"> <li>• Charge actual price after deducting discounts, rebates and allowances</li> <li>• Stockroom withdrawals at cost</li> <li>• Incoming transportation charges are part of materials and supplies costs</li> </ul>
<b>Meetings and Conferences</b>	Yes	<ul style="list-style-type: none"> <li>• Costs of meetings and conferences to disseminate technical information specifically including <ul style="list-style-type: none"> <li>• Working Meals</li> <li>• Transportation</li> <li>• Rental of Facilities</li> <li>• Speakers' Fees</li> </ul> </li> </ul>
<b>Memberships, Subscriptions and Professional Activities</b>	No	<ul style="list-style-type: none"> <li>• Membership in organizations substantially engaged in lobbying</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Districts memberships in business, technical, and professional organizations</li> <li>• District's subscriptions to business, technical and professional periodicals</li> <li>• Meetings and conferences where primary purpose is dissemination of technical information (<i>includes meals, transportation, rental of meeting facilities and incidental costs</i>)</li> <li>• Membership in civic and community social organizations with approval of federal agency</li> </ul>
<b>Motor Pools</b>	Yes	<ul style="list-style-type: none"> <li>• Costs of service organization which provides automobiles to district at a mileage or fixed rates and/or provides vehicle maintenance, inspection, and repair services</li> </ul>
<b>Pre-Award Costs</b>	No	<ul style="list-style-type: none"> <li>• Unless: <ul style="list-style-type: none"> <li>• Necessary to comply with the proposed delivery schedule or period of performance</li> </ul> </li> </ul>

		<ul style="list-style-type: none"> <li>• Only to extent they would have been allowable if incurred after award date</li> <li>• Only with <b>written</b> approval of awarding agency</li> </ul>
<b>Professional Service Costs</b>	No	<ul style="list-style-type: none"> <li>• Defense and prosecution of criminal and civil proceedings and claims</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Professional and consultant services, including retainer fees, by persons or organizations that are members of a particular profession or possess a special skill, if <ul style="list-style-type: none"> <li>• Reasonable</li> <li>• Not contingent upon recovery of costs from the federal government</li> </ul> </li> </ul>
<b>Proposal Costs</b>	Yes	<ul style="list-style-type: none"> <li>• Costs to prepare proposals for potential federal awards <ul style="list-style-type: none"> <li>• Treat as indirect costs unless prior approval of federal awarding agency</li> </ul> </li> </ul>
<b>Public Relations</b>	No	<ul style="list-style-type: none"> <li>• All other advertising and public relations</li> <li>• Costs of conventions, meetings or other events <ul style="list-style-type: none"> <li>• Costs of displays, demonstrations, exhibits</li> <li>• Costs of meeting rooms, hospitality suites, etc.</li> <li>• Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, providing briefs</li> <li>• Promotional items (models, gifts, souvenirs)</li> <li>• Costs of advertising and PR designed to solely promote governmental unit</li> </ul> </li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Specifically required by federal award (only as direct cost)</li> <li>• Communicate specific activities or accomplishments from performance of federal award to public or press (direct cost)</li> <li>• Necessary to liaison with news media-limited to keeping public informed on federal notices, contracts, grant awards, financial matters</li> </ul>
<b>Publication and Printing Costs</b>	Yes	<ul style="list-style-type: none"> <li>• Must be reasonable and allocable</li> </ul>
<b>Rearrangements and Alterations</b>	Yes	<ul style="list-style-type: none"> <li>• Ordinary and normal rearrangement and alteration of facilities</li> <li>• Special arrangements and alterations specified in the federal award or with prior approval</li> </ul>
<b>Reconversion Costs</b>	Yes	<ul style="list-style-type: none"> <li>• Restoration or rehabilitation of district's facilities to approximately same condition immediately prior to federal awards, less costs related to normal wear and tear</li> </ul>
<b>Rental Costs</b>	Yes	<ul style="list-style-type: none"> <li>• Must be reasonable</li> <li>• Sale and lease back arrangements limited to what it would have cost if district owned the property</li> <li>• Less than arm's length transactions limited to amount if district had title to property</li> <li>• Rental costs under leases must be treated as capital leases under GAAP (follow FASB Stmt 13)</li> <li>• <i>See Interest Section</i></li> </ul>
<b>Taxes</b>	No	<ul style="list-style-type: none"> <li>• Self-assessed taxes and/or policies that disproportionately</li> </ul>

		<p>affect federal programs</p> <ul style="list-style-type: none"> <li>• If deemed inappropriate by federal agency</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• If legally required</li> <li>• Gasoline taxes, motor vehicle fees other taxes which are user fees for benefits to federal program</li> </ul>
<b>Training</b>	Yes	<ul style="list-style-type: none"> <li>• Reasonable for professional development of employees</li> </ul>
<b>Travel Costs</b>	No	<ul style="list-style-type: none"> <li>• Costs in excess of normal costs permitted by district policy (use federal guidance if no district policy)</li> <li>• Commercial airfare must be coach rate or equivalent</li> <li>• Non-commercial air travel is generally not allowable</li> </ul>
	Yes	<ul style="list-style-type: none"> <li>• Transportation, lodging, subsistence, and related items for employees on official business</li> <li>• May be charged based on actual cost, per diem or combination in accordance with district policy</li> <li>• Travel costs for general government employees are allowable when specifically related to federal awards</li> <li>• All charges must be reasonable and not exceed normally allowed costs</li> </ul>
<b>Underrecovery of Costs under Federal Agreements</b>	No	<ul style="list-style-type: none"> <li>• Excess costs over federal contribution of one award are not permitted to be charged to other awards</li> </ul>