



Federal Programs: Cost Principles

GCSD FED-2: CP

Updated December 2023

Garfield County School District (GCSD) provides assurances that it will expend and account for Federal awards in accordance with Federal and State law and USBE Rules, including compliance with the USBE published chart of accounts. GCSD provides assurance that they comply with the provisions of 200.302 and meets the minimum standards established in section (b)(1)-(7) including:

- 1) identification, and accurate, current, and complete disclosure, of federal awards and expenditures - including records of such;
- 2) effective control over all funds, property, and other assets purchased with Federal funds, including adequately safeguarding all assets and ensuring they are used solely for authorized purposes;
- 3) establishment of written procedures to
 - 1) implement cash management requirements and
 - 2) for the determination of allowability of costs in accordance with 2 CFR 200 Subpart E- Cost Principles parts 400-475;

Cost Principles

GCSD follows four cost principles. The cost must be (1) allowable, (2) allocable, (3) reasonable, and (4) consistent. Though these principles may change depending on the project, they must be used to determine whether the costs are appropriate for a sponsored project. The rules for allowability are based on the cost principles in the [Code of Federal Regulations \(eCFR\)](#).

1. A cost is allowable when:
 - It serves GCSD's business purpose, including instruction, research, and public service.
 - It is permissible according to GCSD policy and federal regulations, regardless of whether it is a sponsored project.
 - It is permissible for a sponsored project according to the terms and conditions of the sponsored agreement.
2. A cost is allocable:
 - For a sponsored project when the cost provides "benefit" to the project
 - For a gift when it corresponds to the intent of the donor
3. The cost is reasonable if a prudent person would purchase the item at that price. Determine whether a cost is reasonable by considering whether:
 - The cost is necessary for the performance of the activity.
 - Incurrence of the cost is consistent with established Institute policies and practices.
4. A cost is consistent when like expenses are treated in the same manner under like circumstances. For sponsored projects, consistency means that sponsors pay for costs either as a direct charge or as a Facilities and Administrative (F&A) cost, not both directly and indirectly. GCSD establishes policies that, if followed, ensure consistency.

Federal regulations set forth additional principles for allowability:

5. The cost is not 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.
6. The cost is adequately documented.