

Can that be charged to a grant?

Quick Guide to Allowable, Allocable, Reasonable, and Necessary

Is the charge allowable? For a cost to be allowable, it must conform to...

- Terms and conditions of the agreement
- OMB Circular (Uniform Guidance or A-21 as applicable)
- Kent State University policy

Is the charge allocable to the project?

- Are the expenses allocated on a consistent basis?
- Is the method of allocating expenses between projects sound?
- Is the expense allocation clearly documented?

Is the charge reasonable and necessary?

- Is it necessary to the performance of the award?
- Does it advance the scope of work?
- Is it consistent with established institutional policies and practices?
- Would it withstand external review by a prudent individual?

Examples of UNACCEPTABLE direct charging practices

The following practices are not acceptable because they do not meet the federal standards for a high degree of accuracy in the assignment of costs to grants and contracts.

- Rotating charges among sponsored projects by month without establishing that the rotation schedule reflects the relative benefit to each grant.
- Assigning charges to the sponsored project with the largest remaining balance.
- Charging an amount based on what is in the approved project budget instead of charging an amount based on actual costs.
- Assigning charges to sponsored projects before the cost is incurred.
- Identifying a cost as something other than what it actually is.
- Charging expenses exclusively to sponsored projects when the expense has also supported non-sponsored project activities.
- Assigning charges that are part of the normal administrative support for grants and contracts and therefore, have already been included in indirect costs – even if that particular project is exempt from collecting indirects (e.g. proposal preparation, accounting, payroll.)
- Charging costs to ending projects to expend remaining funds without regard to the appropriateness of the costs.

NO!