

SAMPLE

WRITTEN PROCEDURES REGARDING ALLOWABILITY OF COSTS

A) Purpose:

- 1) In accordance with the NAHASDA regulations at 24 CFR §1000.26(a), the administrative requirements under NAHASDA, must comply with:
- 2) Section 200.302(a), "Financial Management."
 - a) In 2 CFR §200.302(a)(7), a recipient's financial management system must provide for written procedures for determining the allowability of costs in accordance with Subpart E – Cost Principles of the Uniform Guidance and the terms and conditions of the IHBG federal award.
- 3) C.F.R. Part 200, §200.403 To be allowable under Federal awards, except where otherwise authorized by statute, costs must be:
 - a) Necessary and reasonable and allocable
 - b) Conform to cost principles or Federal award as to types or amount of cost items
 - c) Consistent with policies and procedures that apply uniformly to federal and non-federally funded activities
 - d) Consistent treatment as direct or indirect cost
 - e) In accordance with GAAP
 - f) Not included as a cost to meet cost sharing or matching requirements of any other federally financed program
 - g) Adequately documented

B) Subpart E -- Cost Principles

- 1) The application of these cost principles is based on the fundamental premises that the recipient has in place sound management practices; will follow the terms and conditions of the specific Federal award and will determine, based on its own unique combination of staff, facilities, and experience how to assure proper and efficient administration of the federal funds.
- 2) §200.420 addresses 55 "items of cost" that receive clarification regarding allowability, in general, for using federal funds. The table of allowable costs attached to the end of the written procedures provides guidance on typical costs for IHBG grants and provides guidance on what is allowable or not the NAHASDA program and the Uniform Guidance.

C) Written procedures for determining allowable costs

- 1) RECIPIENT is a recipient of multiple federal grants and each grant has specific requirements for preparing the budget and what are eligible activities and costs to the federal grants.
- 2) The Indian Housing Plan (IHP) is an annual budget that consists of eligible activities as defined in the NAHASDA statutes and regulations that the recipient must prepare for a program year.
- 3) HUD reviews the IHP for compliance of the IHP with the NAHASDA Program's eligible activities.
- 4) RECIPIENT prepares an annual budget for the Housing Authority, which incorporates all sources of funds and uses of the funds for the program year, including all Federal grants.
- 5) The Finance Director's responsibilities include:

- a) Review of the budget to ensure all expenses budgeted to Federal grants are eligible and allowable costs of the funds.
- b) Accounting for allocation of costs to each grants must be allowable and necessary to the
- 6) The annual budget and budget amendments are approved by the Board of Commissioners.
- 7) Once a month, the Finance Director and the managers review the budgets they are responsible for, to ensure that costs charged to their programs and grants are eligible and allowable.
- 8) RECIPIENT has staff whose hours are allocated to various grants based on the work they perform for the activities of the housing authority that are funded with the grants. Accordingly, RECIPIENT prepares a staffing budget for the entire budget year to allocate staff time to multiple grants and programs.
 - a) The use of budget estimates for staff whose hours are allocated to various grants (such as admin staff) is permissible, but the recipient must, on a regular basis, ensure that the estimated hours of the staff charged in this manner closely approximates the actual work performed.
 - i) At least quarterly, managers must verify that their staff, whose hours are budgeted based on estimates, have not changed, or if they have, they are required to submit an updated allocation of staff time for a budget amendment.
 - ii) Managers submit the amended allocation of staff time to the Finance Director, who in turn, submits the changes in a budget amendment for the Board of Commissioners to approve.
 - b) Non-exempt staff must fill out a timesheet and document hours for each program or grant worked in the payroll period and timesheet must be signed by the staff and approved and signed by the supervisor to ensure the charges to the Federal grants are based on records that accurately reflect the work performed.
 - c) Exempt staff whose hours are chargeable to various grants may also document the hours worked and chargeable to the various grant. As an exempt employee, salary for the pay period does not vary due to hours documented and chargeable to each grant.
 - d) The Accounting Department must provide a budget to actual grant expense report to the managers in charge of the program to verify that the charges to their programs are aligned with their approved program activities and grants.
- 9) All staff should have access to this procedure and to the list of allowable costs. In addition, the Finance Director is the person to be contacted for questions regarding the allowability of each cost under the IHBG grant and the Uniform Guidance when staff have questions.

[SEE NEXT PAGE FOR ALLOWABILITY OF COSTS]