

## **Allowability Policy and Procedures**

SAGE COLLEGIATE will maintain a policy and system of procedures, as described below, that comply with 2 CFR 200.302(b)(7) for determining the allowability of costs in accordance with 2 CFR 200, Subpart E (Cost Principles) and the terms and conditions of the federal award.

In accordance with 2 CFR 200.401, principles of cost as provided in 2 CFR 200, Subpart E must be used by the SAGE COLLEGIATE in determining allowable costs of work performed by the SAGE COLLEGIATE for federal awards. SAGE COLLEGIATE personnel involved in procedures for determining the allowability of costs will be familiarized through regular and comprehensive training with the policy and procedures described here and will appropriately and consistently implement the policy and procedures as described.

Approval of allowable costs must be adequately documented by SAGE COLLEGIATE (2 CFR 200.403(g)). This includes specific documentation for some types of costs that must be kept for costs to be allowable (i.e., time and effort documentation to support employee compensation (2 CFR 200.430(i))). SAGE COLLEGIATE must produce all relevant documentation to support costs in the event of an audit (2 CFR 200.337).

### **A. Factors affecting allowability of costs**

Sage Collegiate personnel responsible for determining allowability of costs allocated to federal awards will adhere to 2 CFR 200.403 and consider the following criteria before providing approval for expenditures:

- i. Costs must be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
- ii. A cost is considered reasonable if it meets criteria as described in 2 CFR 200.404, Reasonable Costs.
- iii. A cost is considered allocable if it meets criteria as described in 2 CFR 200.405, Allocable Costs.
- iv. Costs must be incurred during the approved budget period and/or period of performance.
- v. Costs must be part of the approved budget as defined in the executed subaward for the federal grant.
- vi. Costs must conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- vii. Costs must be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the [CHARTER SCHOOL].
- viii. Costs must be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.

- ix. Costs must be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in 2 CFR 200, Subpart E.
- x. A cost must not be included or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.
- xi. Costs must be evaluated for allowability pursuant to 2 CFR 200.420 – 200.475, General Provisions and Considerations for selected items of cost.

## **B. Procedures for determining allowability of costs**

### Costs for Goods or Services:

1. The Director of Operations prepares a purchase order (PO) with costs indicated for goods or services. The federal award to which the costs are allocated must be listed on the PO. Pursuant to State Public Charter School Authority (SPCSA) requirements, if individual items are over \$10,000 each, three quotes for costs for the listed items should be attached to the PO for review. Any additional backup documentation to support the costs as being necessary, reasonable, and allocable to the federal award must be attached to the PO. The PO is submitted to the Executive Director for review and approval.
2. The Executive Director reviews the costs listed on the purchase order to determine if they are necessary, reasonable, and allocable to the federal award and comply with section A of this document – Factors affecting allowability of costs. If required, the Executive Director] will review the three attached quotes and determine that the best price for the item(s) are obtained.
3. If the Executive Director determines the costs on the PO are allowable, the Executive Director will sign the PO. The signature of the [Executive Director on the PO indicates that an allowability review was conducted and costs were approved as allowable.
4. A copy of the approved PO and all applicable backup documentation will be maintained according to the records retention policy and procedures. The approved PO and attached backup documentation serves as adequate documentation to support the allowability of costs for goods and services allocated to federal awards.

### Costs for Travel

1. The Director of Operations prepares a travel request form with backup documentation according to SAGE COLLEGIATE travel policy and procedures. The federal award to which the costs are allocated must be listed on the travel request form. The EXECUTIVE DIRECTOR signs the travel request form and provides it to the traveling employee.
2. The traveling employee signs the travel request form and submits it with backup documentation to the DIRECTOR OF OPERATIONS for review and approval.
3. The EXECUTIVE DIRECTOR reviews the costs listed on the travel request (and associated backup documentation) to determine if they are necessary, reasonable, and allocable

to the federal award and comply with section A of this document – Factors affecting allowability of costs, AND the SAGE COLLEGIATE travel policy and procedures.

4. If the EXECUTIVE DIRECTOR determines the costs on the travel request are allowable, the EXECUTIVE DIRECTOR will sign the travel request. The signature of the EXECUTIVE DIRECTOR on the travel request indicates that an allowability review was conducted and costs were approved as allowable.
5. A copy of the approved travel request and all applicable backup documentation will be maintained according to the records retention policy and procedures. The approved travel request and attached backup documentation serves as adequate documentation to support the allowability of costs for travel allocated to federal awards.

board approved, June 2023