

EXHIBIT C
Subrecipient Cost Principles

CITY OF COLUMBUS
SUBRECIPIENT COST PRINCIPLE GUIDELINES for HUD Grants

ALLOWABLE COSTS, UNALLOWABLE COSTS, AND PRIOR WRITTEN APPROVAL

These guidelines are to be used in the implementation and monitoring of contracts funded with Community Development Block Grant (CDBG), Home Investment Partnerships program (HOME), Emergency Shelter Grant (ESG), and Housing Opportunities for Persons with Aids (HOPWA) funds. Reimbursements to Subrecipients will only be made for actual costs incurred and paid for by the Subrecipient. In certain cases, prior written approval is required.

ALLOWABLE COSTS

Accounting - Establishing and maintaining accounting and other information systems specifically required for the management of HUD grant programs.*

Advertising - Media including newspapers, magazines, radio and television, which address the scope of services for which the HUD grant monies were provided.

Auditing - Audits necessary for the administration and management functions related to HUD grant programs.*

Consultant Services - Consultants to perform specific duties as described in the HUD grant scope of services. The use of consultants must be pre-approved by the City.

Educational Programs and Exhibits - Programs and exhibits directly related to the HUD grant activity.

Employee Fringe Benefits - Benefits including insurance, sick leave, vacation, pensions and workers' compensation provided such benefits are charged proportionately to the employee's percentage of HUD grant related work as reflected in their wages.*

Field Trips – Field trips within Franklin and contiguous counties that are educational in nature or relate directly to program goals

Insurance Costs - Insurance payments on property or persons directly and solely involved in the implementation of the HUD grant activity.*

Legal Expenses - Legal expenses necessary for the administration of HUD grant programs. Legal expenses for the prosecution of claims against the Federal Government and the City of Columbus are unallowable.

Management Studies - Studies which enable the accomplishment of the HUD grant scope of services. Management studies must be pre-approved by the City.

Materials and Office Supplies - Materials and office supplies necessary to carry out the HUD grant program. Computer software is allowable.*

Meetings and Conferences - Costs are allowable only when the primary purpose of the meeting is dissemination of technical information directly related to HUD grant activities and attendance is consistent with regular practices followed for other activities of the subrecipient.

Parking Charges - Parking charges are allowable only for employees performing HUD grant related activities away from their primary workplace. Monthly parking costs are unallowable.

Payroll Preparation - Preparation of payrolls and maintaining necessary related wage records.*

Personal Service Contracts - Personal service contracts that enable the accomplishment of the HUD grant scope of services, and reasonably reflect, in cost, the level of service provided.

Postage - Postage for mailings directly related to the implementation of HUD grant activities.

Printing and Document Reproduction - Printing and reproduction of documents directly related to the implementation of the federally funded activities.

Professional Services - Professional services that enable the accomplishment of the HUD grant scope of services, and reasonably reflect, in cost, the level of service provided.

Rent - Rent may be paid on facilities based upon the percentage of HUD grant related work performed at that location. Additional rent may be paid with prior approval by the City if other activities performed at the facility are eligible under federal guidelines.*

Salaries - Compensation must not exceed the amount paid for similar work in City government. In cases where a similar rate is not available, a comparable private sector rate may be acceptable. In no case should the annual rate of salary increase on multi-year projects exceed the Consumer Price Index rate of inflation by more than two points.*

Subscriptions - Books and subscriptions to civic, business, professional and technical periodicals when related to the HUD grant program.

Training and Education - In-service training customarily provided for employee development which directly benefits the HUD grant program. Out of service training of more than one day is allowable only upon prior approval by the City.

Transportation - Transportation necessary for the successful implementation of the HUD grant program such as the short-term rental of vans or buses. The purchase and lease of vehicles is not an allowable expense.

Travel - Travel costs for expenses of transportation, lodging, meals and related costs incurred by employees who are on official business incident to a HUD grant program. Per diem expenses should not exceed those utilized by City employees. Contact the City for current per diem rates. The City may disallow lodging and transportation costs deemed excessive by comparison with standard rates.

Utilities - Utilities paid on facilities based upon the percentage of HUD grant related work performed at that location. Additional utilities may be paid with prior approval by the City if other activities performed at the facility are eligible under federal guidelines.*

***These costs may be considered indirect costs. Please see Unallowable Costs- Indirect Costs for further information.**

UNALLOWABLE COSTS

Bad Debts - Any costs arising from uncorrectable accounts and other claims, and related costs are unallowable.

Computer Equipment - Purchase of computer equipment is not an allowable cost.

Contingencies - Contributions to a contingency reserve or any similar provision for unforeseen events in unallowable.

Contributions and Donations - Any contributions or donations to other agencies, institutions or organizations are unallowable.

Entertainment - Costs of amusements, social activities, and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation and gratuities are unallowable.

Equipment - Equipment is not an allowable cost. Equipment includes items such as the purchase of computers, fax machine, copier, file cabinets, and telephones. The lease of these items is allowable.

Fines and Penalties - Costs resulting from violations or failure to comply with federal, state or local laws and regulations are unallowable.

Food - Food is an unallowable cost unless it is specifically necessary as an element of the funded activity. Examples of allowable use include snacks and meals for school age day care/after school programs. *These cases must be pre-approved by the implementing department.* Unallowable examples include food for parties, trainings, meetings, conferences and as gifts or prizes. Food purchased for general office use such as coffee, soft drinks, and snacks is not allowable. See travel for food exceptions.

Fundraising - Fundraising is not an allowable cost.

Furniture - Furniture is not an allowable cost. Furniture includes office furnishings such as desks, lamps, chairs, etc....

Indirect Costs - Indirect costs are unallowable unless the subrecipient completes an indirect cost allocation plan in conformance with both city and federal guidelines, and it is approved by the City.

Interests and Other Financial Costs - Interest on borrowings, bond discounts, costs of financing or refinancing operations, finance/bank charges, and legal or professional fees paid in connection therewith, are unallowable except when authorized by Federal legislation.

Memberships - Memberships for individuals in any civic, business, technical or professional organization is prohibited. Upon prior approval by the City, agency memberships are allowable if the cost is reasonable relative to the benefit and the activity is specifically related to the HUD grant activity.

***Exceptions to unallowable costs may be made on a very limited basis with prior approval by both the Directors of the implementing Department and Department of Finance. This will be done on a case by case method.

PRIOR WRITTEN APPROVAL

Prior preapproval by the city is required in certain circumstances: please reference a detailed description of the federal requirements by reviewing the regulations at 2 CFR Part 200.407.

“...The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, **unless prior approval is specifically required** for allowability as described under certain circumstances in the following sections of this part...”

200.201 - Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b) (5)

200.306 - Cost sharing or matching

200.307 - Program Income – Program income use if other than “standard”

200.308 - Revision of budget and program plans

200.332 - Fixed amount sub awards

200.413 - Direct costs, paragraph (c)

200.430 - Compensation – Personal services, paragraph (h)

200.431 - Compensation – Fringe benefits

200.438 - Entertainment Costs

200.439 - Equipment and other capital expenditures

200.440 - Exchange rates

200.441 - Fines, penalties, damages and other settlements

200.442 - Fund Raising and Investment Management Costs

200.445 - Goods or services for personal use

200.447 - Insurance and indemnification

200.454 - Memberships, subscriptions, and professional activity costs, paragraph (c)

200.455 - Organization costs

200.456 - Participant support costs

200.458 - Pre-award costs

200.462 - Rearrangement and reconversion costs

200.467 - Selling and marketing costs

200.474 - Travel costs