

No. 630

SECTION: Finances

TITLE: Classification of Costs
(Federal Programs)

CATASAUQUA AREA SCHOOL DISTRICT

ADOPTED: April 11, 2017

	630 – CLASSIFICATION OF COSTS (FEDERAL PROGRAMS)	1
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1. Purpose	The District establishes and maintains Board policies, administrative regulations, and procedures on administration of federal funds in federal programs as required by the Uniform Grant Guidance and other federal, state, and local laws, regulations, and requirements. The District’s financial management system includes standards for classifying costs as direct or indirect costs.	3
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2. Definitions	The following words and phrases, when used in this policy, shall have the meaning given to them below:	10
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2 CFR § 200.38	Federal award — means (1) federal financial assistance that the District receives directly from a federal awarding agency or indirectly from a pass-through entity, (2) a cost-reimbursement contract under the Federal Acquisitions Regulations that the District receives directly from a federal awarding agency or indirectly from a pass-through entity, and (3) the instrument setting forth the terms and conditions of the Federal award, including the grant agreement, cooperative agreement, other agreement for assistance under 2 CFR § 200.40(b) (<i>i.e.</i> , loans, loan guarantees, interest subsidies, and insurance), or the cost-reimbursement contract awarded under the Federal Acquisition Regulations.	13
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2 CFR § 200.413(a), (d)	Direct costs — means costs that can be identified specifically with a particular final cost objective, such as a federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy, except that minor amounts may be treated as indirect costs for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.	24
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2 CFR § 200.56	Indirect costs — means costs incurred for a common or joint purpose benefiting more than one (1) cost objective and not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved.	31
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3. Guidelines

In classifying costs allocable to a federal award—

2 CFR §§
200.405,
200.412, 200.413

A. Costs incurred for the same purpose in like circumstances must be treated consistently as either direct or indirect costs.

B. Identification with the federal award, rather than the nature of the goods and services involved, is the determining factor in distinguishing direct from indirect costs.

C. Direct and indirect costs shall be determined in accordance with law, regulations, the terms and conditions of the federal award, and the District’s negotiated indirect cost rate.

2 CFR § 200.416

D. The District shall develop an indirect cost rate proposal and cost allocation plan in accordance with law, regulations, and the terms and conditions of the federal award.

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