

Four Tests of Allowability Matrix  
(per the Uniform Guidance 2 CFR part 200)

Tests of Allowability	Definition	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
Reasonableness	Cost incurred is reasonable and necessary and the associated dollar amount reflects the action that a prudent person would have taken when deciding to incur the cost. [Subpart E, §200.404]	Purchase of one Sharpie Marker costing \$1.00 ea. [Reasonable]	Purchase of one Sharpie Marker costing \$100.00 ea. [Not reasonable]
		EXPLANATION : A prudent person would likely purchase one Sharpie Marker for \$1.00 or less and this purchase would be considered reasonable.	EXPLANATION : A prudent person would <b>not</b> purchase one Sharpie Marker for \$25.00
Allocability	Goods or services purchased are chargeable or assignable to the Federal award in accordance with benefits received. A cost is allocable to a grant if it is incurred solely in order to advance work under the grant; it benefits the grant and other work of the institution; or it is necessary to the overall operation of the organization and is deemed to be assignable, at least in part, to the grant. [Subpart E, §200.405]	Charging the cost to hire a HIPAA approved vendor to shred documents with research subjects' PHI used for data collection purposes. [Allocable]	Purchasing a multi-function copier/fax/ scanner to be installed in a shared laboratory as a direct cost on a Federal grant. [Not allocable]
		EXPLANATION: In this scenario, let's assume that the project called for collecting a substantial volume of PHI-related data with assurances from the PI to the IRB Committee and the Federal awarding agency that the PHI-related data would be destroyed after analysis was completed. It is allocable to incur the cost to hire the vendor to shred the documents as a direct cost to the grant. WCM would expect to see such a cost included in the proposal budget.	EXPLANATION : A shared laboratory space is likely occupied by personnel who work on a variety of projects, tasks and other responsibilities and who will therefore use the multi-function equipment for a variety of organizational objectives that cannot be specifically tied to the Federal grant used to purchase it. Purchasing such an item as a direct cost on any Federal grant is difficult to substantiate as being allocable. The cost could only be deemed allocable as a direct cost if it is incurred solely to advance work objectives of the grant.
Consistency	WCM must exercise consistency in the assignment of costs to cost objectives. Costs may be charged as either direct costs or F&A costs, depending upon the identifiable benefit to the project; but all costs must be treated consistently for all work of the organization under similar circumstances, regardless of funding source. [Subpart E, §200.403]	The direct charging of petri dishes to a grant. [Consistent]	The direct charging of an expense related to the replacement of a window in a WCM laboratory. [Not consistent]
		EXPLANATION: It is consistent practice at WCM to charge the cost to purchase petri dishes as a direct cost to a sponsored project, regardless of the source of funding. Incurring such an expense on F&A dollars is not consistent with WCM purchasing practices.	EXPLANATION: It is not consistent practice at WCM to charge the cost to replace a laboratory window as a direct cost to a grant. Such costs will consistently be incurred by F&A or other infrastructural support budgets. Incurring such an expense as a direct cost on a Federal award is not consistent with WCM purchasing practices.
Conformance	Day-to-day management of grant is in accordance with the terms and conditions as outlined in the notice of grant award and with respect to the type of activity, type of recipient, and other characteristics of the individual award. [i.e., In the daily management of my NIH grant portfolio, I work to ensure that my post-award activities conform to the terms and conditions of the NoA and the NIHGPS .]	Pre-award costs [Conformance]	Collecting F&A costs on construction grants. [Not in conformance]
		EXPLANATION : Unless specified otherwise in the notice of award, preaward costs are allowable and thus conform with being applied to Federal awards [Prior approval for pre-award costs are required under exceptional circumstances - for example if the costs are greater than 90 days retroactive].	EXPLANATION : F&A costs are unallowable on construction grants and thus imposing such a cost to a construction grant would not conform with this grant activity type.