



Allowability of Costs

1. According to Uniform Guidance, “The tests of Allowability of Costs under these principles (UG) are:
 - a. they must be reasonable;
 - b. they must be allocable to sponsored agreements under the principles and methods provided herein;
 - c. they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and
 - d. they must conform to any limitation or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of costs items.”

2. A cost may be considered reasonable if the nature of the goods or services acquired or applied and the amount involved reflects the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made.

3. A cost is allocable to a specific sponsored agreement if the goods or services purchased are assignable with a high degree of accuracy to the sponsored agreement in accordance with relative benefits received or other equitable relationship.