Southwestern Oregon SOWIB Workforce Investment Board	**Policy No:** A-104
	Effective Date: July 1, 2025 **Original Approval:** May 4, 2015 Renumber 05/16/19
	New ☐ **Revised** ☒
ALLOWABLE COSTS	

PURPOSE
The purpose of this policy is to ensure that SOWIB funds are used appropriately and that all costs charged to funding sources meet applicable allowability requirements. This policy supports compliance with funding requirements and responsible stewardship of public and private resources.

APPLICABILITY OF REQUIREMENTS
This policy applies across the entire SOWIB organization. Federal allowability rules apply only to costs charged to federal awards, including:

- 2 CFR 200.302 – federal financial management system requirements
- 2 CFR Part 200 Subpart E – federal cost principles
- 20 CFR 683.200 – WIOA fiscal and administrative rules

For non-federal funding, SOWIB follows the allowability, documentation, and financial requirements specified by the donor or award. When those requirements are not provided, SOWIB applies its internal cost allowability review process to ensure responsible stewardship of resources.

Federal cost principles and WIOA rules are used only when required by the specific funding source.

DEFINITIONS

- WIOA – Workforce Innovation and Opportunity Act.
- Funding Sources – Grants, contributions, or other funds awarded or available to SOWIB.
- Capital Expenditure – A purchase of property, equipment, or improvements meeting SOWIB's capitalization threshold of $5,000 or more, in accordance with 2 CFR 200.1 and 2 CFR 200.439.

POLICY

1. Allowable Costs
Costs must comply with the allowability requirements of the funding source:

- Federal awards:
  - 2 CFR Part 200 Subpart E (Cost Principles)
  - 20 CFR 683.200 (WIOA fiscal requirements)
- Non-federal awards
  - Donor or grantor requirements
- Where donor rules are silent
  - SOWIB's internal allowability criteria apply

2. Reasonable Costs - Costs must be reasonable and reflect what a prudent person would incur under similar circumstances.

3. Allocable Costs - Costs must be allocable to the funding source in proportion to the benefit received.

4. Capital Expenditures
Capital expenditures at or above SOWIB's $5,000 capitalization threshold require an allowability review prior to purchase or charging a funding source.

- When charged to federal awards, capital expenditures must meet the prior written approval requirements of 2 CFR 200.439.
- For non-federal funds, donor rules govern. When donor rules are silent, SOWIB's internal approval process applies.

5. Uniform Guidance
SOWIB follows the Uniform Guidance (2 CFR Part 200). Any references to obsolete OMB Circulars are considered replaced by the Uniform Guidance.

6. Allowability Review Prior to Charging a Funding Source
Because SOWIB's accounting workflow includes automated GL posting, cost allowability must be reviewed before charging, billing, requesting reimbursement, or drawing funds from a federal or non-federal award.

A cost may be charged to a funding source only after it meets the following criteria:
- Allowable under applicable federal, state, donor, or internal requirements
- Reasonable under 2 CFR 200.404
- Allocable under 2 CFR 200.405 (for federal funds)
- Consistent with the approved budget
- Prior approval obtained when required (e.g., capital expenditures under 2 CFR 200.439)
- Fully documented, including invoice, justification, approvals, and allocation methodology

REFERENCES
- 2 CFR 200.302 – Financial Management System
- 2 CFR Part 200 Subpart E – Cost Principles
- 2 CFR 200.404 – Reasonable Costs
- 2 CFR 200.405 – Allocable Costs
- 2 CFR 200.439 – Equipment and Other Capital Expenditures
- 20 CFR 683.200 – WIOA Fiscal and Administrative Rules
- SOWIB Internal Policies and Procedures