

UNIFORM REQUIREMENTS & FEDERAL COST PRINCIPLES

RESOURCES

CONSULT THE CoC RULE

CoC Program Interim Rule:

<https://www.govinfo.gov/content/pkg/CFR-2017-title24-vol3/xml/CFR-2017-title24-vol3-part578.xml#seqnum578>

RESOURCES

ON THE HUD EXCHANGE

HUD Integrity Bulletins:

<https://www.hudexchange.info/resource/5065/hud-integrity-bulletins/>

Code of Federal Regulations (CFR)

Uniform Requirements – 2 CFR Part 200:

<https://www.gpo.gov/fdsys/granule/CFR-2014-title2-vol1/CFR-2014-title2-vol1-part200/content-detail.html>

Transition and Implementation

Guidance – 2 CFR Part 200:

<https://www.hudexchange.info/resource/4444/notice-sd201501-transition-to-2-cfr-part-200-uniform-administrative-requirements-cost-principles-and-audit-requirements-for-federal-awards-final-guidance/>

This resource is prepared by technical assistance providers and intended only to provide guidance. The contents of this document, except when based on statutory or regulatory authority or law, do not have the force and effect of law and are not meant to bind the public in any way. This document is intended only to provide clarity to the public regarding existing requirements under the law or agency policies.

SUMMARY

Recipients and subrecipients of federal awards must follow the Office of Management and Budget's Uniform Requirements in their financial management practices, including abiding by federal cost principles.

OMB UNIFORM REQUIREMENTS – 2 CFR PART 200

In December 2014 the Office of Management and Budget (OMB) released 2 CFR part 200: Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Requirements), which supersedes eight previous Federal Circulars (including A-21, A-87, A-110, and A-133) to provide one “omni” guidance document to all federal agencies and non-federal recipients of federal assistance (awards).

See the [sidebar links to the Uniform Requirements](#) as well as to the [Transition and Implementation Guidance notice](#) for CoC and other CPD program grant recipients.

INTEGRITY BULLETIN

HUD's Office of the Inspector General and the Office of Community Planning and Development have developed a set of [Integrity Bulletins](#) that address issues that HUD recipients and subrecipients struggle with most often ([see sidebar](#)).

Topics include:

- Conflicts of Interest;
- Documentation and Reporting;
- Financial Management;
- Internal Controls;
- Procurement and Contracting; and
- Subrecipient Oversight.

FEDERAL COST PRINCIPLES

OMB has established cost principles for federal grant programs, detailed in 2 CFR §200.400 (Subpart E–Cost Principles). The cost principles help recipients and subrecipients determine the costs for specific activities and the costs that are chargeable to grants, awards, and other agreements. Recipients and subrecipients should ensure they are using the appropriate OMB guidance and are in compliance with all applicable state and local requirements.

Costs are classified as **allowable, reasonable, and allocable**.

To be **allowable**, a cost must meet all of the following requirements:

- Included within the description of eligible activities in the applicable HUD regulation(s);
- Incurred directly or indirectly for the benefit of an eligible HUD client;
- Comply with any limitations or exclusions set forth in these principles or as specified in the HUD grant award process (and codified in

the grant agreement);

- Be treated consistently, determined in accordance with generally accepted accounting principles (GAAP), and documented adequately;
- Determined to be necessary, reasonable, allocable to the HUD grant, and otherwise in conformance with the general criteria for allowable costs set forth in 2 CFR 200 Subpart E; and
- Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in the current year or prior periods.

Costs are considered **'reasonable'** if they do not exceed what a prudent person would incur under similar circumstances. All costs must pass the 'rational person' test by meeting all of the following criteria:

- The cost should be recognized as ordinary and necessary for the operation of the organization and/or project;
- The cost is in accordance with market prices for comparable goods or services as evidenced by cost estimates and documentation;
- The individuals responsible for incurring the cost acted with prudence and for the benefit of the organization and its activities; and
- The cost has been incurred after following the established practices of the organization, in accordance with the terms and conditions of the award.

Costs must meet federal guidelines for "allocability" in order to be reimbursed through a federal grant or contract. To be **allocable**, a cost must meet the following requirements:

- Benefits both the federal award and other activities and can be distributed in proportions that may be approximated using reasonable methods;
- Is incurred specifically for the funded program (i.e., direct costs); and
- Proves necessary to the overall operation of the organization, even though a direct relationship to any particular program activity cannot be readily shown (i.e., indirect costs).