

## Allowable Cost Checklist and Procedures for Title I, Part A Funds

Non-federal entities (recipients and subrecipients) are required to maintain written allowability procedures as part of their financial management systems as outlined in [2 CFR 200.302\(b\)\(7\)](#). The checklist items in this document are provided as sample guiding questions that a district could ask when determining allowability and could be included as part of the written allowability procedures.

Written procedures should outline the specific steps taken by the district to ensure all purchases made with federal funds are allowable. Simply restating the requirements is not sufficient.

The questions are specific to Title I, Part A. However, districts may want to consider adopting a single allowable cost procedure and checklist for all federal programs. In addition to questions to ask when determining allowability, districts should add sections to their written procedures that:

- Outline approval levels. For example, if a request comes from a school, the School-Based Decision Making (SBDM) council may need to approve it. Who else needs to review and approve purchases, and who will have the final say in determining whether the cost is allowable and approved? Including staff member names in the procedures is not recommended due to staff turnover. Listing the title of the responsible staff member is sufficient.
- Include relevant state/local rules. For example, some districts develop their own rules regarding the purchase of food for Title I, Part A parent and family engagement events. The district may set a maximum per-person cost for the purchase of light snacks or opt to disallow the use of Title I funds to purchase food to avoid unintentionally making an unallowable purchase. In this case, the district's rules on food purchases using Title I funds should be included in the allowability process.
- Provide frequently asked questions (FAQs) on frequent types of costs in the district.
- Explain or refer to the district's travel policy.

The guiding questions that follow are examples of items a district could include in the required written allowability procedures. Answering "Yes" to all the questions implies that a cost may be allowable.

**Reasonable** – *Not excessive in cost and based on prudent and sound purchasing practices.* [2 CFR 200.404](#)

- Does the cost seem reasonable in comparison to fair market prices for comparable goods or services?

- Does the expenditure help to target low-achieving students?
- Would a “prudent person” agree that the item is reasonable?
- Did the district follow its purchasing or procurement procedures?
- What example(s) could be provided to any auditor to document the cost as reasonable?

**Allocable** – *Cost is incurred specifically for the benefit of the program, distributed proportionately, an allowable activity, and meets the program’s intent.* [2 CFR 200.405](#)

- Is the cost incurred specifically for the Title I, Part A program?
- Does the cost meet the intent of the Title I, Part A program?
  - **Districtwide program:** Does it help to provide children significant opportunities to receive a fair, equitable, and high-quality education and to close educational achievement gaps?
  - **Schoolwide program:** Does it focus on improving achievement across the entire school, particularly for those lowest-achieving students? Is it tied to the schoolwide planning components?
  - **Targeted Assistance program:** Does it focus on improving achievement for those students identified for services?
  - Does the cost support a required activity, such as parent and family engagement or services to homeless students?
- If costs are shared with another program, is the Title I, Part A portion incurred proportionately?
- Is the purchase supported by the funding matrix (located on KDE’s [Federal Grants](#) webpage) and/or allowable Enterprise ERP (EERP, formerly MUNIS) codes in GMAP?
- What example(s) could be provided to any auditor to document the cost as allocable?

**Necessary** – *Essential for carrying out the needs-based, Title I, Part A program.* [2 CFR 200.403\(a\)](#)

- Could the cost be deemed necessary for the operation of a quality, efficient Title I, Part A program as outlined in the district’s Title I, Part A application?
- Do staff have the capacity/knowledge to use what is being purchased? If not, what training will be provided?
- Is the need for the cost supported in the needs assessment, CDIP/CSIP, or a statement in the GMAP application?
- What example(s) could be provided to any auditor to document the cost as necessary?

**Documented** – *Purchases must be adequately documented.* [2 CFR 200.403\(g\)](#) and [2 CFR 200.302\(b\)\(3\)](#)

- Could the district readily document the reasonableness, allocability and necessity of the cost?

- Is documentation maintained for the number of years required per the [Records Retention Schedule](#) and federal statutes of limitation? *Note: The Kentucky Department of Education (KDE) recommends maintaining records for 5 years.*
- Does the district have records that identify the source and application of funds and contain information regarding authorizations, obligations, unobligated balances, assets, expenditures, income and interest that are supported by source documentation?

**Conforming to Limitations or Exclusions** – [2 CFR 200.403\(b\)](#)

- Is the cost permissible and not disallowed under the specific items of cost found in the Uniform Grant Guidance [2 CFR 200.420-475](#)?
- Is the cost permissible under the program statute and regulations as well as non-regulatory guidance?
- Is the cost permissible under state statute?
- Is the cost permissible under agency policies?

**Consistent with Policies and Procedures** – [2 CFR 200.403\(c\)](#)

- Are the district's policies and procedures consistent among funding sources?
- Do the district's policies and procedures apply the same rules for federal programs as they do for state and local programs?
- Would the cost be the same amount if it were funded by a state or local program?

**Accorded Consistent Treatment** – [2 CFR 200.403\(d\)](#)

- Is the cost excluded from the district's indirect cost rate?
- Is the cost treated the same for the federal program as it is for state and local programs?

**Determined in Accordance with Generally Accepted Accounting Principles (GAAP)** – [2 CFR 200.403\(e\)](#)

- Is the cost determined in accordance with Generally Accepted Accounting Principles (GAAP) or as otherwise provided for in the Uniform Grant Guidance?

**Not used for cost sharing or matching requirements** – [2 CFR 200.403\(f\)](#)

- Is the cost not being used to meet cost sharing or matching requirements of any other federally financed program?

**Supplemental**

- Does the cost meet the supplemental requirements of the program?

### **Resources**

A number of states' allowability processes were consulted in developing this guide. Links to these documents are provided as informational resources only and their inclusion on this list does not constitute endorsement by KDE.

- Alaska Department of Education & Early Development's [ESSA Title I Spending Handbook](#) and [Allowable Cost Checklist for Federal Funds](#)
- California Department of Education's [Title I, Part A Authorized Use of Funds](#) webpage
- Maine Department of Education's [Title I, Part A Spending Snapshot](#) webpage
- Utah State Board of Education's [Title I, Part A of the Every Student Succeeds Act \(ESSA\) Handbook](#)
- Washington Office of Superintendent of Public Instruction's [Allowable Costs](#) webpage
- Wisconsin Department of Public Instruction's [Determining Allowable Cost](#) webpage, [Allowable Costs](#) webpage and [Allowable Costs Checklist](#)

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