UNIVERSITY OF ALASKA
UNIFORM GUIDANCE WORKING GROUP

Section Number & Name: 200.404 Reasonable Costs
A-21 Reference: C-3 Reasonable costs

BACKGROUND INFORMATION:

A. Does the revised guidance contain new language? ☒ Y ☐ N

Specifically describe the new language and how it differs:
See attached.

B. Is the new guidance more or less restrictive than university processes? ☒ More ☐ Less

Specifically describe how it is more or less restrictive:
"market price" for geographic location to determine reasonableness

C. Cite any relevant system-wide policies/regulations/procedures:
Accounting and Administrative Manual Section 100 D-03 unallowable costs

D. Cite any MAU-level relevant processes or manuals:
Accounting and Administrative Level, OGCA

E. Is there an impact to electronic systems (Banner HR/Finance, Web Timesheets, Effort Reporting, etc.)? ☐ Y ☒ N

List specific system(s) impacted and method of impact:
_____

ACTION PLAN: Is specific action needed? ☒ Y – see below ☐ N – no action needed

Recommended Action(s):

1. We may want to update definition on Accounting and Admin Manual as referenced above
2. _____
3. _____

UA responsible area requiring documentation of compliance:

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§200.404 Reasonable costs.

A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally-funded. In determining reasonableness of a given cost, consideration must be given to:

(a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non- Federal entity or the proper and efficient performance of the Federal award.

(b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state and other laws and regulations; and terms and conditions of the Federal award.

(c) Market prices for comparable goods or services for the geographic area.

(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees,

where applicable its students or membership, the public at

large, and the Federal government.

(e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the

Federal award's cost.

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3.

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was made. Major considerations involved in the determination of the

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are consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.