

2 CFR Part 200 Subpart E: Cost Principles

Noteworthy Additions or Changes for Select Items of Cost

This table is for reference purposes only and is not exhaustive of all changes or requirements; therefore, grantees are encouraged to consult the full text of the regulations in 2 CFR 200.

Reference	Title	Noteworthy Additions, Changes, or Clarifications
200.425	Audit services.	Costs associated with audits not conducted in accordance with Single Audit requirements and audits that fall below the Single Audit threshold are unallowable. Under the cost principles, those costs were allowable if included in the indirect cost rate or approved by awarding agency as a direct cost. Financial statement audit and agreed upon procedures
200.428	Collections of improper payments.	New – The costs incurred by a non-Federal entity to recover improper payments are allowable as either direct or indirect costs, as appropriate.
200.430	Compensation – personal services.	Charges for employee compensation must be based on records accurately reflecting work performed; however, no specific types of documentation (e.g., personnel activity reports) are required. Documentation standards that grantees must meet are listed. Substitute systems, if approved by cognizant Federal agency, are allowed State, local, and tribal government.
200.432	Conferences.	Requires conference hosts/sponsors to ensure that conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award. The costs of identifying, but not providing, locally available dependent-care resources are allowable.
200.433	Contingency provisions.	Allowable in limited circumstances, with appropriate methodology used to create estimates, and must be consistent with the cost principles and other requirements in this Part (see also Standards for Financial and Program Management of Subpart D and section 200.403 Factors Affecting Allowability of Costs); be necessary and reasonable for proper and efficient accomplishment of project or program objectives, and be verifiable from the non-Federal entity's records.
200.435	Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.	Language streamlined for consistency and now specifically references Whistleblower Protection Act.
200.436	Depreciation.	Change to GAAP standards. Donated assets valued at time of donation and may be depreciated or claimed as matching but not both. Eliminates the use allowance method of recovering costs associated with recovering building costs.
200.437	Employee health and welfare costs.	Employee morale costs are unallowable. Costs incurred in accordance with the non-Federal entity's documented policies for

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		the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable, but must be equitably distributed to all activities of the non-Federal entity .
200.438	Entertainment costs.	Unallowable unless costs have a programmatic purpose and are authorized in the approved budget for the Federal award or costs have prior written approval from the Federal awarding agency.
200.441	Fines, penalties, damages, and other settlements.	Added Tribal law violations. Now states that “alleged violations” and not just “violations” are unallowable except when they result directly from complying with the terms of a Federal award or are approved in advance by the Federal awarding agency.
200.449	Interest.	Establishes the date of January 1, 2016, as the date that non-Federal entities whose fiscal year starts on or thereafter may be reimbursed for financing costs associated with patents and computer software.
200.453	Materials and supplies costs, including costs of computing devices.	Changes/additions to definitions
200.455	Organization costs.	Unallowable to all organizations unless specific approval by the awarding Federal agency.
200.456	Participant support costs.	Defined and allowable with prior approval. The treatment of participant support costs is in the definition of modified total direct costs and in the appendices on indirect costs rates, Appendix IV to Part 200.
200.460	Proposal costs.	Changed the language that allowed for other than indirect treatment of these costs, though rule remains that these costs should normally be treated as indirect. Proposal costs of past accounting periods will be allocable to the current period
200.461	Publication and printing costs.	Resolves a long-standing issue with charges necessary to publish research results, which typically occur after expiration, but are otherwise allowable costs of an award.
200.463	Recruiting costs.	Clarifies that special emoluments, fringe benefits, and salary allowances that do not meet the test of reasonableness or do not conform to the established practices of the entity are unallowable. Specifically addresses allowability of short-term travel visa costs.
200.464	Relocation costs of employees.	Repayment of funds is required if employee resigns for reasons within the employee’s control within 12 months after hire date.
200.465	Rental costs of real property and equipment	Includes “sale and lease back” and “less-than-arm’s-length” restrictions and home office space.
200.469	Student activity costs.	Costs incurred for intramural activities, student publications, student clubs, and other student activities are unallowable unless specifically provided for in the Federal award.
200.474	Travel costs.	Provides that temporary dependent care costs that result directly from travel to conferences and meet specified standards are allowable.