Cost Principles Scenarios

1. Your project is planning to purchase equipment for three hospitals, as requested and approved by USAID. RFPs will be issued for the specific items, and you advertise the request for proposals on the internet, in newspapers and by contacting individual vendors. Are the advertising costs allowable?

   Answer: Yes

   Why: Attachment B, #1, c (2)

2. Your organization has been fined for failure to comply with USAID regulations. Is this cost allowable?

   Answer: No

   Why: Attachment B, #16

3. You are flying to your regional organizational meeting and employees have requested business class airfare. There is plenty of money in the budget. Is this allowable?

   Answer: No

   Why: Attachment B, #55 (b)

4. You have purchased boxes of paper for the entire office and have charged the total cost to one of your projects. Is this allowable?

   Answer: No

   Why: Attachment B, #28

5. Your organization has hired a new expatriate for one of your projects. This employee is selling his home in the United States in order to move overseas. Unfortunately, his home sells for less than his current mortgage. Is this cost allowable?

   Answer: No

   Why: Attachment B, #45, d (2)

6. You have gone out to eat with project staff and paid the bill. Dinner included wine. Is this allowable?

   Answer: No

   Why: Attachment B, #2

7. A local university is a subrecipient on one of your projects. Does A-122 apply?

   Answer: No

   Why: A-21, “Cost Principles for Educational Institutions”

8. In a recent proposal, you budgeted a housing allowance for a new expatriate. Does this constitute prior approval?

   Answer: Yes

   Why: A-122, #4 b

9. For convenience, one of your local employees decided it was easier to purchase the office supplies from a company in your building rather than from a supply store with lower prices. Is this reasonable?

   Answer: No

   Why: Attachment A, Reasonable Costs

10. Your project is buying a scanner, as listed in your budget. However, the office assistant did not require a receipt upon delivery. Is this allowable?

    Answer: No

    Why: Attachment A, #2 (g)

11. Your employees fill out timesheets and submit them each month. Their time is accurately tracked and discussed with supervisors. However neither the employee or their supervisor are required to sign the timesheets. Is this allowable?

Answer: No

Why: Attachment B, #7 m (2c)

12. Your project is planning on hiring an outside consultant to assist with a training. After careful consideration, you decide on a specific consultant who has an expertise not found in other applicants or employees within your organization. However, the daily rate of this consultant is considerably higher than others. Is the cost of this consultancy allowable?

Answer: Yes

Why: Attachment B, #39