

Unallowable Costs & Procurement Guidelines

CSB Unallowable Costs

Bad Debts - Any costs arising from uncollectable accounts and other claims, and related costs are unallowable.

Debt Repayment - Any costs associated with loans, line of credit balances, mortgages, etc. are unallowable.

Computer Equipment - (Federal and City funds ONLY) Computer equipment is not an allowable cost.

Contingencies - Contributions to a contingency reserve or any similar provision for unforeseen events is unallowable.

Contributions and Donations - Any contributions or donations to other agencies, institutions or organizations are unallowable.

Depreciation Expenses - This is a non-cash expense and is unallowable.

Entertainment - Costs of amusements, social activities, and incidental costs relating thereto, such as meals, beverages, lodgings, rentals, transportation and gratuities are unallowable.

Equipment - Equipment purchase is not an allowable cost. Equipment includes items such as fax machines, copier, file cabinets, and telephones. The lease of these items is allowable. Equipment purchases may be allowed upon prior CSB approval.

Fines and Penalties - Costs resulting from violation or failure to comply with federal, state or local laws and regulations are unallowable.

Fundraising - Fundraising is not an allowable cost.

Interests and Other Financial Costs - Interest on borrowings, bond discounts, costs of financing or refinancing operations, and legal or professional fees paid in connection therewith, are unallowable.

Medicaid eligible services – Medicaid eligible services provided to Medicaid eligible clients are unallowable.

Memberships - Memberships for individuals in any civic, business, technical or professional organization is prohibited. Agency memberships are allowable if the cost is reasonable relative to the benefit and the activity is specifically related to the program.

***Exceptions to unallowable costs may be made with prior approval of CSB. This will be done on a case by case basis.

The following are additional unallowable costs by the City of Columbus. If any of your organization's funding comes from the City of Columbus and is restricted by these guidelines, it will be noted in the FY10 Partnership Agreement.

Food - Food is an unallowable cost unless it is specifically necessary as an element of the funded activity. Examples of allowable use include snacks and meals for school age day care/after school programs. **These cases must be pre-approved by the implementing department of the City of Columbus.** Unallowable examples include food for parties, trainings, meetings, conferences and as gifts or prizes. Food purchased for general office use such as coffee, soft drinks, and snacks is not allowable.

Furniture – Furniture is an unallowable cost unless it is specifically necessary as an element of the funded activity. **These cases must be pre-approved by the implementing department of the City of Columbus.** Furniture includes office furnishings such as desks, lamps, chairs, etc.

Indirect Costs - Indirect costs are unallowable unless the sub-recipient completes an indirect cost allocation plan, and it is approved by the City of Columbus.

Memberships - Memberships for individuals in any civic, business, technical or professional organization is prohibited.

Transportation – costs to purchase a vehicle for clients, to provide down-payment assistance to purchase vehicles, to purchase car insurance, or to pay license and registration fees are ineligible.

***Exceptions to unallowable costs may be made with prior approval of CSB. This will be done on a case-by-case basis.

Additional City of Columbus guidelines:

PROCUREMENT GUIDELINES FOR CDBG & ESG SUBRECIPIENTS

The following procurement guidelines should assist CDBG sub-recipients in the development of a policy for the procurement of professional services, materials, and supplies. For equipment, a documented analysis of the economic feasibility of purchasing versus leasing must be performed. For on-going professional services and equipment leasing, procurement is to be completed at least every two years. These guidelines are *minimum* thresholds for the sub-recipient's procurement policy.

Under \$5,000 (professional services, materials, and supplies)

The sub-recipient must obtain at least three (3) verbal bids and document each bid. If the lowest bid is not taken, the sub-recipient must document why and justify the bid that was chosen.

Over \$5,000 (professional services)

The sub-recipient must go through a Request for Proposal (RFP) process, which includes the criteria listed below. Evaluation of these criteria for each proposal must be documented.

1. Competence of offerer and personnel to complete the job
2. Quality and feasibility of technical proposal
3. Ability of offerer to complete job given physical resources and workload
4. Past performance
5. Cost

Over \$5,000 (materials and supplies)

This requires a competitive bidding process of at least three separate businesses.

Documentation required.

In addition to the above guidelines, all procurement procedures must adhere to the stipulations described in Federal Regulation 24 CFR 84 *Procurement Standards** (also called OMB Circular A-110). Briefly, these regulations ensure that sub-recipient procurement procedures preclude conflict of interest, ensure that all bids and RFPs submitted are for identical items or services, and assure sub-recipients are providing for free and open competition for all procurement transactions. For sub-recipients who already have procurement policies in place please make sure that the above requirements are consistent with already established policies including dollar thresholds.

*Also, see "A Handbook for CDBG Sub-recipients on Administrative Systems" for general procurement guidelines.