

Executive Office of Health and Human Services
Medicaid Division, HIV Provision of Care

Procedure Manual

Section:

Policy Procedure:

Subject: Allowable, Allocable, and Reasonable Costs

Established Date:

Overview

The purpose of this procedure is to provide general guidelines and procedures for determining allowable and unallowable costs for Ryan White Part B agreements.

General Guidelines

The Executive Office of Health and Human Services, Medicaid Division, HIV Provision of Care's Policies and Procedures Manual provides the Ryan White Part B Program's policy governing the charging of costs.

A. Procedures for Determining Allowable Costs:

The Administrator, Assistant Administrator, and designated staff must follow the applicable costing principles, guidelines, and procedures when incurring expenditures, including:

1. OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments
2. OMB Circular A-122, Cost Principles for Non-Profit Organizations
3. State of Rhode Island Procurement Policies and Procedures
4. Specific award terms and conditions
5. Specific awarded budget

B. Procedures for Determining Unallowable Costs:

Certain expenses are clearly designated as unallowable for both the federal government and the State of Rhode Island. The following list of unallowable costs is derived from the National Monitoring Standards as published by HRSA/HAB Division of State HIV/AIDS Programs.

1. No use of Part B funds to purchase or improve land, or to purchase, construct, or permanently improve any building or other facility (other than minor remodeling)
2. No cash payments to service recipients

3. No use of Part B funds to develop materials designed to promote or encourage intravenous drug use or sexual activity, whether homosexual or heterosexual
4. No use of Part B funds for the purchase of vehicles without written Grants Management Officer (GMO) approval
5. No use of Part B funds for:
 - i. Non-targeted marketing promotions or advertising about HIV services that target the general public (poster campaigns for display on public transit, TV or radio public service announcements, etc.)
 - ii. Broad-scope awareness activities about HIV services that target the general public
6. No use of Part B funds for outreach activities that have HIV prevention education as their exclusive purpose
7. No use of Part B funds for influencing or attempting to influence members of Congress and other Federal personnel
8. No use of Part B funds for foreign travel
9. No use of Part B funds to pay any costs associated with the creation, capitalization, or administration of a liability risk pool (other than those costs paid on behalf of individuals as part of premium contributions to existing liability risk pools), or to pay any amount expended by a State under Title XIX of Social Security Act

C. Responsibilities for Determining Allowability of Costs:

1. It is the responsibility of the Senior Methods and Management Specialist in determining allowability and ensuring compliance with applicable cost principles.
2. The Senior Methods and Management Specialist will perform a desk audit of each monthly invoice, using the Monthly Invoice Auditing Checklist, testing every item for allowability, allocability, and reasonableness, according to A-87 or A-122. Any expenditure which fails to meet the requirements will be disallowed, with the approval of the Administrator or Assistant Administrator.