

ATTACHMENT 13



OMB Circular A-87
Attachment B

True / False Exercise/Answers



True or False

- ▶ Cash basis - Payments for unused leave when an employee retires or terminates employment are allowable in the year of payment provided they are direct charged in proportion to the programs the employee worked during the year.
- ▶ False
- ▶ Attachment B 11 d (3). Costs are allocated as a G/A expense to all activities.



True or False

- ▶ The Circular has been revised to allow "light alcoholic" beverages.
- ▶ False.
- ▶ Attachment B 4.



True or False

- ▶ Costs incurred in defense of any civil or criminal fraud proceeding where the contractor is found liable or has pleaded nolo contendere to a charge of fraud or similar proceeding are unallowable.
- ▶ True
- ▶ Attachment B 14.



True or False

- Charges for use allowances or depreciation must be supported by adequate property records and physical inventories must be taken at least every 3 years.
- False
- Attachment B 15 h.



True or False

- ▶ Public relations costs are allowable for the costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other events.
- ▶ False
- ▶ Attachment B 2.e.(2)(b)



True or False

- ▶ The cost of data processing services is allowable.
- ▶ True
- ▶ Attachment B 6.



True or False

- ▶ The costs associated with E-mail and pagers is unallowable.
- ▶ False.
- ▶ Attachment B 10. Reasonableness, necessity and tracking business use are key here.



True or False

- ▶ Severance pay is allowable when it is direct charged in proportion to the programs the employee worked on over the last three years (excluding time on maternity leave.)
- ▶ False.
- ▶ Attachment B 11 g (2). Severance pay associated with normal turnover is allowable as an indirect cost. Abnormal or mass severance pay will be considered on a case by case basis.



True or False

- ▶ The value of donated services is now reimbursable as either a direct or indirect cost.
- ▶ False
- ▶ Attachment B 11. i. The value of donated services may be used to meet cost sharing or matching requirements.



True or False

- ▶ The use allowance for equipment will be computed at an annual rate not exceeding $6\frac{2}{3}$ % of acquisition cost.
- ▶ True
- ▶ Attachment B 15 d.



True or False

- ▶ Cost of entertainment, including amusement diversion and social activities are allowable as long as the governmental unit has a written "no smoking" policy.
- ▶ False
- ▶ Attachment B 18



True or False

- ▶ The cost of organized fund raising to save animals covered under the "Endangered Species Act of 1989" are allowable.
- ▶ False
- ▶ Attachment B 21 a.



True or False

- ▶ There is a way to charge a use allowance to an asset which is considered to be "fully-depreciated".
- ▶ True
- ▶ Attachment B 15. g.



True or False

- ▶ The cost of recreational facilities is allowable.
- ▶ True.
- ▶ Attachment B 17. Income generated from any of these activities will be offset against expenses.



True or False

- ▶ Costs of idle facilities are allowable if they are necessary to meet fluctuations in workload.
- ▶ True
- ▶ Attachment B 24. b.(1)



True or False

- ▶ Costs of membership in civic and community social organizations are allowable as a direct cost with the approval of the Federal awarding agency.
- ▶ True
- ▶ Attachment B 30 d. Costs are unallowable as indirect costs.



True or False

- ▶ Employee counseling services are unallowable because these types of expenses are considered to be of a "personal" nature and not chargeable to Federal awards.
- ▶ False
- ▶ Attachment B 17.



True or False

- Any excess of costs over the Federal contribution under one Federal award is unallowable under other Federal awards.
- True
- Attachment B 42.



True or False

- ▶ Pre- award costs are allowable as indirect costs.
- ▶ False.
- ▶ Attachment B 32. Pre-award costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with written approval of the awarding agency.



True or False

- ▶ Professional and consultant services rendered by persons or organizations that are members of a particular profession that renders services contingent upon recovery of costs from the Federal Government are allowable.
- ▶ False
- ▶ Attachment B 33. "Contingent upon recovery" makes this unallowable.



True or False

- ▶ Salaries and other expenses for State legislatures, county supervisors, city councils and school boards incurred for purposes of executive direction are allowable.
- ▶ False
- ▶ Attachment B 23 a (2).



True or False

- ▶ As of the effective date of the Circular, interest will be allowed for all equipment, regardless of the date the equipment was purchased.
- ▶ True
- ▶ Attachment B 26 b.



True or False

- ▶ The revised Circular allows a state or local government to self-impose a tax that disproportionately affects Federal programs.
- ▶ False
- ▶ Attachment B 39.



True or False

- ▶ Costs incurred to restore a governmental unit's facilities to approximately the same condition existing prior to the commencement of Federal awards, including costs related to normal wear and tear, are allowable.
- ▶ False
- ▶ Attachment B 37. Normal wear and tear costs must be excluded.



True or False

- ▶ Fund raising and investment activities belong in the "base" and shall be allocated their "fair share" of indirect costs.
- ▶ True
- ▶ Attachment B 21 c.



True or False

- If training costs are not for employee development, they are not allowable.
- True
- Attachment B 40.



True or False

- ▶ Taxes which are in effect user fees that benefit Federal programs are allowable charges against Federal awards.
- ▶ True
- ▶ Attachment B 39 b.



True or False

- ▶ The cost of a governmental unit's subscription to a pornographic periodical is allowable.
- ▶ False
- ▶ Attachment B 30. b.



True or False

- ▶ The air conditioning system in a building may be treated as a separate asset and depreciated over its useful life.
- ▶ True
- ▶ Attachment B 15.f. "Componentization" is optional.



True or False

- ▶ If a specific item of cost is not mentioned in Attachment B, the implication is that the cost is allowable.
- ▶ False
- ▶ Attachment B Opening paragraph after Table of Contents ...determination of allowability should be based on the treatment or standards for similar or related items of cost.



True or False

- ▶ Costs of promotional items and memorabilia are allowable as indirectly charged public relations costs.
- ▶ False
- ▶ Attachment B 2. e. (3)



True or False

- ▶ Salaries and wages of employees used in meeting cost sharing or matching requirements of Federal awards must be supported in the same manner as those claimed as allowable costs under Federal awards.
- ▶ True
- ▶ Attachment B 11. h.(7)



True or False

- ▶ If the governmental unit's capitalization level is \$5,000, items of equipment with an acquisition cost of less than \$5,000 are considered to be supplies and are allowable as direct costs without specific awarding agency approval.
- ▶ True
- ▶ Attachment B 19 d.



True or False

- ▶ Special arrangements and alterations of facilities incurred specifically for a Federal award are allowable as indirect costs.
- ▶ False
- ▶ Attachment B 36. Allowable only as a direct costs and with prior approval of the Federal awarding agency.



True or False

- ▶ Under a less-than-arms-length lease, rental costs are allowable only up to the amount that would be allowed had title to the property vested in the governmental unit.
- ▶ True
- ▶ Attachment B 38. c.



True or False

- ▶ Costs of preparing proposals for "potential" Federal awards are unallowable because the costs are based on a contingency.
- ▶ False
- ▶ Attachment B 34.



End

Have a nice
evening!

