

**Module 3: Cost Principles and Budget Development Knowledge Check
ANSWER KEY**

1. What are the governing regulations for grants to State, Local and Tribal Governments?
(Circle all that apply)
 - a. 2 CFR Part 230 (OMB Circular A-122)
 - b. 49 CFR Part 21
 - c. 2 CFR Part 225 (OMB Circular A-87)**
 - d. OMB Circular A-102**
 - e. 49 CFR Part 18**

2. Which are Unallowable object costs? (Choose all that apply)
 - a. Advertising to promote the government unit**
 - b. Alcoholic beverages, Entertainment**
 - c. Fines and penalties**
 - d. Personnel Costs
 - e. Material and Supplies

3. An Indirect Cost Rate (ICR) Agreement Document issued by the cognizant agency provides (**Choose all that apply**):
 - a. Period of coverage**
 - b. Rate as a percent**
 - c. The direct base to which the ICR percentage is applied**
 - d. Cash donations to other parties

4. Personnel attributed to a sub-grantee should be listed under Personnel on the Prime Grantee SF-424a.
 - a. True
 - b. False**

5. Match/Cost sharing (**choose all that apply**):
 - a. Are not required to be verifiable from grantee records
 - b. Are included as a contribution if from any other federally assisted project
 - c. Must be necessary, allowable, allocable and reasonable for the project**
 - d. Those funds paid by the Federal Government under another award
 - e. Must be listed in the budget**

6. FMCSA generally requests an additional line-item budget in the grant opportunity announcement to further support and explain the proposed budget on the SF-424a?
 - a. True**
 - b. False

7. Which lists all of the key guiding principles for assessing costs?
 - a. Necessary, Effective, Allowable
 - b. Allowable, Necessary and Proportionate
 - c. Allocable, Allowable, Reasonable and Necessary**
 - d. Lowest cost, compliant and allowable

8. What are necessary and reasonable costs? (Choose all that apply)
- Ordinary and necessary for the operation of the grantee or the performance of the grant**
 - Comparable to market prices for comparable goods or services and incurred with prudence**
 - Those that deviate significantly from established government prices
 - Cost that meet the two pronged standard – necessary AND cheap
9. Indirect Cost Rate Proposals (ICRPs) must be submitted annually to the cognizant agency.
- True**
 - False
10. Other than consultants, other items attributed to the “Contractual” line item on the SF-424a? (Choose all that apply)
- Mileage costs
 - Fuel and maintenance costs**
 - All subcontractor costs**
 - Postage
11. The principle purpose of MOE is?
- To ensure Federal funding supplements State funds and does not supplant, or replace it**
 - Calculate the project budget
 - Cap the amount of federal dollars ever provided to a grantee
 - Prevent fraud, waste and abuse
12. The requirements for calculating MOE is the same for all FMCSA grant programs.
- True
 - False**
13. Which statement is **NOT true** regarding MOE?
- MOE eligible expenses are those that were reimbursed by another Federal grant or associated State match requirement**
 - MOE is calculated off of specific year program related expenses, with the FY determined by the specific FMCSA program.
 - MOE must be allowable, necessary, reasonable and allocable
 - Include program-eligible expenses incurred beyond the amount which was reimbursed by non-Federal grant resources and associated match
14. What happens if the grantee does not expend funds to meet their MOE?
- Nothing, just as long as the grantee makes a good faith effort
 - Nothing if the grantee obtains a waiver
 - The grantee must refund the federal portion of all grant money received.**