#### **ATTACHMENT 13**



True / False Exercise/Answers



- 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.



The Circular has been revised to allow "light alcoholic" beverages.

• False.

Attachment B 4.



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.



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.



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)



The cost of data processing services is allowable.

True

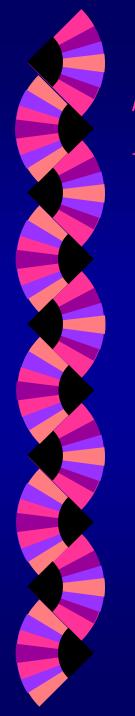
Attachment B 6.



The costs associated with E-mail and pagers is unallowable.

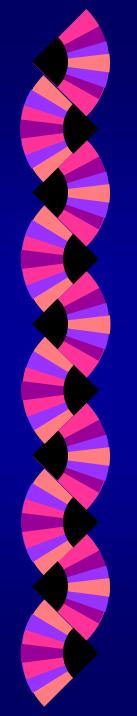
• False.

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.



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.



The use allowance for equipment will be computed at an annual rate not exceeding 6 2/3 % of acquisition cost.

True

Attachment B 15 d.



Ocst 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



The cost of organized fund raising to save animals covered under the "Endangered Species Act of 1989" are allowable.

False

Attachment B 21 a.



There is a way to charge a use allowance to an asset which is considered to be "fully-depreciated".

True

Attachment B 15. g.



The cost of recreational facilities is allowable.

True.

Attachment B 17. Income generated from any of these activities will be offset against expenses.



Costs of idle facilities are allowable if they are necessary to meet fluctuations in workload.

True

Attachment B 24. b.(1)



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.



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.



Any excess of costs over the Federal contribution under one Federal award is unallowable under other Federal awards.

True

Attachment B 42.



- 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.



- 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.



Salaries and other expenses for State legislatures, county supervisors, city councils and school boards incurred for purposes of executive direction are allowable.

False

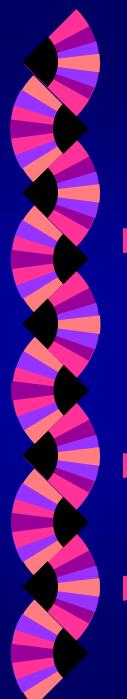
Attachment B 23 a (2).



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.



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

False

Attachment B 39.



- 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.



Fund raising and investment activities belong in the "base" and shall be allocated their "fair share" of indirect costs.

True

Attachment B 21 c.



If training costs are not for employee development, they are not allowable.

True

Attachment B 40.



Denefit Federal programs are allowable charges against Federal awards.

True

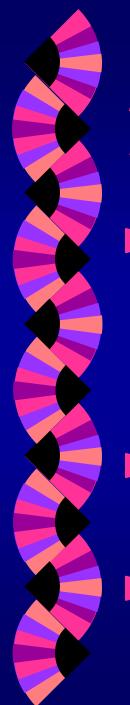
Attachment B 39 b.



The cost of a governmental unit's subscription to a pornographic periodical is allowable.

False

Attachment B 30. b.



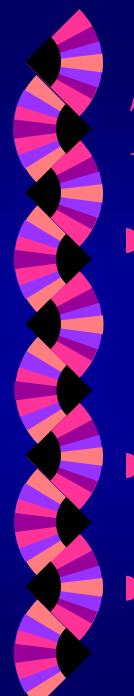
The air conditioning system in a building may be treated as a separate asset and depreciated over its useful life.

True

Attachment B 15.f. "Componentization" is optional.



- 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.



Costs of promotional items and memorabilia are allowable as indirectly charged public relations costs.

False

Attachment B 2. e. (3)



- Description 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)



- 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.



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.



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.



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!