

200 KAR 5:317. Cost principles.

RELATES TO: KRS 45A.215, 45 C.F.R. 74, 92, 96, 48 C.F.R. 31, 42 U.S.C. 9801-9822
STATUTORY AUTHORITY: KRS 45A.215

NECESSITY, FUNCTION, AND CONFORMITY: KRS 45A.215 authorizes the Secretary of the Finance and Administration Cabinet to promulgate administrative regulations setting forth cost principles to be used as guidelines to determine allowable costs incurred by contractors under cost reimbursement-type contracts, if estimated or incurred costs of performing contracts have to be determined; and in the negotiation of contracts not subject to competitive bidding, if changes or modifications to contracts are directed or for the settlement of contracts that have been terminated. This administrative regulation establishes the cost principles to be employed to determine a contractor's costs.

Section 1. Cost reimbursement contracts shall conform to the cost principles set forth in 48 C.F.R. Part 31 and Contract Cost Principles and Procedures, Office of Management and Budget Circulars A-21, A-87, A-122.

Section 2.

(1) Cost reimbursement contracts provided under Title 45 C.F.R., Public Welfare, shall be governed by the requirements of the Omnibus Budget Reconciliation Act of 1981 42 U.S.C. 9801 to 9822, in accordance with applicable administrative requirements and cost principles specified in Title 45 C.F.R. Part 74, Administration of Grants, and Office of Management and Budget Circulars A-21, A-87, A-122. Federal interpretation of cost principle requirements may be used as a guide in the Commonwealth's determination of the applicability of the various subparts and appendices of 45 C.F.R. Parts 74, 92 and 96.

(2) The Commonwealth shall not be required to secure any approvals from the federal granting authority as specified in 45 C.F.R. Part 74 unless it is specifically required by the Omnibus Reconciliation Act of 1981, 42 U.S.C. 9801 to 9822, individual Block Grants, or by changes hereinafter enacted in federal law or regulations. The Commonwealth shall not apply any part of 45 C.F.R. Part 74 which it determines not to be in the best interest of the Commonwealth.

(3) The exclusive method of determining allowable costs incurred by contractors under cost reimbursement type contracts entered into under community services and social services block grants shall be as provided in this section.

Section 3. The cost principles referenced in Sections 1 and 2 of this administrative regulation shall be used for the purposes stated in KRS 45A.215.

Section 4. Incorporation by Reference.

(1) The following material is incorporated by reference:

- (a) "Office of Management and Budget Circular A-21: Cost Principles for Educational Institutions", August 8, 2000;
- (b) "Office of Management and Budget Circular A-87: Cost Principles for State, Local, and Indian Tribal Governments", August 29, 1997; and
- (c) Office of Management and Budget Circular A-122: Cost Principles for Nonprofit Organizations", June 1, 1998.

(2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Finance and Administration Cabinet, Division of Administrative Policy and Audit, Administrative Policy Branch, Room 395 Capitol Annex, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m., or on the website for the Office of Management and Budget, www.whitehouse.gov/omb/circulars.

(6 Ky.R. 162; eff. 11-7-79; Am. 10 Ky.R. 622; eff. 12-2-83; 18 Ky.R. 1369; eff. 1-10-92; 30 Ky.R. 685; 1470; eff. 1-5-2004.)