A cost is allocable to a particular Federal award if the goods or services involved are chargeable or assignable to that Federal award in accordance with relative benefits received. Costs must be incurred specifically for the federal program, benefit both the Federal program and the non-Federal entity, and be necessary to the overall operation of the non-Federal entity & assignable to the Federal program. per 2 CFR 200.405.

While necessary is not specifically defined in UG, a cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost, per 2 CFR 200.404.

Consistency includes consistent treatment between Federal and non-Federal funds activities, as well as if the cost is treated as a direct or indirect cost related to the program. Costs can't be included in more than one Federal program. This includes as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period.

Adequate documentation is required to be maintained and expenditures must be made during the approved budget period. For additional information, see Bulletin 2021-006 - Hourly Billing Rates and Allocations of Audit Costs.