**Section 2630.100 Allowable Costs**

a) General. To be allowable, a cost must be necessary and reasonable for proper and efficient administration of the program, be allocable thereto under cost principles contained in this Part, and, except as provided herein, not be a general expense required to carry out the overall responsibilities of the grantee. Costs charged to the program shall be consistent with those normally allowed in like circumstances in non-State funded activities of the grantee and with 56 Ill. Adm. Code 2610, 2620, and 2630.

b) Direct and indirect costs shall be charged in accordance with Subparts C and D of this Part. Standards for selected items of cost are contained in Section 2630.112. Grantees shall prepare cost allocation and indirect cost rates in accordance with Subpart C and D.

c) The following provisions shall apply to all grantees:

1) Costs resulting from violation of, or failure to comply with, applicable Federal, State, or local laws and regulations are not allowable.

2) Entertainment costs are not allowable.

3) Insurance policies offering protection against debts established by the Federal Government are not allowable.

4) Personal liability insurance for Private Industry Council members is allowable.

5) Reasonableness of cost. A cost is reasonable if it does not exceed that which would have been incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost.

6) Grantees shall seek clarification and assistance from the Department in the event that the grantee is uncertain of cost allowability for selected items.

(Source: Amended at 11 Ill. Reg. 11682, effective June 29, 1987)