



Illinois Department of Commerce & Economic Opportunity

Prior Written Approval

Some special cost elements require prior written approval from the Department. These cost elements include:

- a) Changes in principle investigator, project leader, project partner, or scope of effort
- b) Use of unrecovered indirect costs for cost sharing or matching (unrecovered indirect cost means the difference between the amount charged to the award and the amount which could have been charged to the award under the grantee's approved negotiated indirect cost rate)
- c) Use of program income to add to the award or as cost sharing or matching
- d) deviations from the budget or project scope or objective outlined in the grant agreement
- e) Disposal of real property
- f) Encumbrance of equipment
- g) Use of fixed amount subawards
- h) Directly charging salaries of administrative and clerical staff
- i) Directly charging supplemental compensation for incidental activities for personnel of Institutions of Higher Education
- j) Severance payments
- k) Entertainment costs
- l) Capital expenditures
- m) Fluctuations in exchange rates resulting in the need for additional funding or increased costs that result in the need to significantly reduce the scope of the project
- n) Fines, penalties, damages, and other settlements
- o) Fund raising costs for the purposes of meeting the award objectives
- p) Directly charging cost of housing allowances and personal living expenses
- q) Cost of insurance or contributions to any reserve covering the risk of loss of, or damage to property
- r) Costs of membership in any civic or community organization
- s) Costs relative to the establishment or reorganization of any entity
- t) Participant support costs (items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects)
- u) Pre-award costs
- v) Directly charging special arrangements and facility alteration costs
- w) Directly charging costs of selling and marketing products and services
- x) Use of foreign government tax refunds for approved activities under the award

y) Travel costs for dependents when the travel duration is six months or more

Additionally, to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, entities may want to seek prior written approval in advance of costs that may be special or unusual.

Please email your grant manager to request prior written approval. Approval will include the timeframe or scope of the agreement and the name and title of the individual providing approval. Requests and approvals should be maintained in the grantee's award files.

If you have questions relative to a specific program, please contact the program contact. If you have questions about this requirement, please send those to CEO.GATA@Illinois.gov

References: 2 CFR 200.407 - <https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-E/subject-group-ECFRea20080eff2ea53/section-200.407>