

§ 75.407 Prior written approval (prior approval).

(a) Under any given Federal award, the reasonableness and allocability of certain items of costs may be difficult to determine. In order to avoid subsequent disallowance or dispute based on unreasonableness or non-allocability, the non-Federal entity may seek the prior written approval of the cognizant agency for indirect costs or the HHS awarding agency in advance of the incurrence of special or unusual costs. Prior written approval should include the timeframe or scope of the agreement. The absence of prior written approval on any element of cost will not, in itself, affect the reasonableness or allocability of that element, unless prior approval is specifically required for allowability as described under certain circumstances in the following sections of this part:

- (1) § 75.201 Use of grant agreements (including fixed amount awards), cooperative agreements, and contracts, paragraph (b)(5);
- (2) § 75.306 Cost sharing or matching;
- (3) § 75.307 Program income;
- (4) § 75.308 Revision of budget and program plans;
- (5) § 75.309 Period of performance and availability of funds;
- (6) § 75.318 Real property;
- (7) § 75.320 Equipment;
- (8) § 75.353 Fixed amount subawards;
- (9) § 75.413 Direct costs, paragraph (c);
- (10) § 75.430 Compensation—personal services, paragraph (h);
- (11) § 75.431 Compensation—fringe benefits;
- (12) § 75.438 Entertainment costs;
- (13) § 75.439 Equipment and other capital expenditures;
- (14) § 75.440 Exchange rates;
- (15) § 75.441 Fines, penalties, damages and other settlements;
- (16) § 75.442 Fund raising and investment management costs;
- (17) § 75.445 Goods or services for personal use;
- (18) § 75.447 Insurance and indemnification;
- (19) § 75.454 Memberships, subscriptions, and professional activity costs, paragraph (c);

- (20) § 75.455 Organization costs;
- (21) § 75.456 Participant support costs;
- (22) § 75.458 Pre-award costs;
- (23) § 75.462 Rearrangement and reconversion costs;
- (24) § 75.467 Selling and marketing costs;
- (25) § 75.470 Taxes (including Value Added Tax) paragraph (c); and
- (26) § 75.474 Travel costs.

(b) A request by a subrecipient for prior approval will be addressed in writing to the recipient. The recipient will promptly review such request and shall approve or disapprove the request in writing. A recipient will not approve any budget or project revision which is inconsistent with the purpose or terms and conditions of the Federal-award to the recipient. If the revision, requested by the subrecipient would result in a change to the recipient's approved project which requires Federal prior approval, the recipient will obtain the HHS awarding agency's approval before approving the subrecipient's request.

(c) For cost-reimbursement contracts under the FAR, the recipient shall obtain prior written approval in accordance with FAR 52.244-2.