Question: May Federal financial assistance funds (Grant or Cooperative Agreement) be used to provide meals at workshops or meetings?

Answer: The Cost Principles for all recipients, located in 2 CFR 225, 2 CFR 230, and 2 CFR 220 all provide the same direction in regard to the cost of meetings:

Meetings and conferences. Cost of meetings and conference, the primary purpose of which is the dissemination of technical information, are allowable. This includes costs of meals, transportation, rental of facilities, speakers’ fees, and other items incidental to such meetings or conferences.

If the cost of the meals is incidental to the meeting or conference it is an allowable cost. The cost of the meeting, including meals and other costs, must be included in the approved budget for the project and approved by the Forest Service.

While the cost may be considered an allowable cost under the specific item of cost in the Cost Principles there are other elements that factor in. Appendix A in all three sets of Cost Principles includes a section titled Basic Considerations that must be met before any cost is considered allowable. Of primary concern are allowability and reasonableness.

Allowability: To be allowable under Federal awards, a cost must meet the following general criteria:
1. Be necessary and reasonable for proper and efficient performance and administration of the award.
2. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the organization or governmental unit.

Reasonableness: 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.

Questions to ask:
- If the government agency or organization was holding the meeting and paying the costs from their own budget, would meals be provided?
- Is the cost generally recognized as ordinary and necessary for the operation of the organization or the performance of the award?
- Is the cost prudent considering the responsibility to the organization, the public at large, and the Federal government?

While the cost of meals provided at a meeting may technically be considered an allowable cost, they are only allowable if they meet the primary allowability and reasonableness tests, and if the agency or organization would pay for the meals regardless of the source of funding.