



Ohio Administrative Code

Rule 109-3-01 Definitions and guidelines for direct and allocable non direct costs and routine business services.

Effective: January 19, 2017

(A) "Direct costs" are defined as those costs associated with providing services that directly benefit a patient, client or the public as set forth in any contract entered into pursuant to section 9.231 of the Revised Code. Typical direct costs chargeable to a contract include, but are not limited to:

- (1) Compensation of employees for the time devoted to the performance of the contract;
- (2) Cost of materials or supplies acquired, consumed, or expended for the purpose of the contract;
- (3) Equipment and other capital expenditures specified in the contract; and
- (4) Travel expenses incurred to carry out the contract.

(B) "Direct costs" shall not include the costs of any financial review or audit required under section 9.234 of the Revised Code.

(C) Direct costs, at a minimum, shall be:

- (1) Necessary and reasonable;
- (2) Allocable to the contract;
- (3) Authorized or not prohibited under federal, state or local law;
- (4) In conformity with any limitations specified in the contract;
- (5) Accorded consistent treatment;
- (6) Determined in accordance with generally accepted accounting principles;



(7) Net of all applicable credits; and

(8) Adequately documented.

(D) The guidance provided in 2 CFR 200 (as in effect on the effective date of this rule), to the extent applicable, shall be followed for direct costs unless otherwise agreed to by the parties in a written contract. Costs not specified in 2 CFR 200 (as in effect on the effective date of this rule) may be included as direct costs if specifically identified and agreed to by the parties in a written contract.

(E) "Allocable non direct costs" as defined in division (A) of section 9.23 of the Revised Code are considered the equivalent of indirect costs.

(F) For the purposes of division (B)(2)(f) of section 9.231 of the Revised Code, "routine business services other than administrative or management services" shall be determined on a case-by-case basis depending on the accepted and relevant business or trade standards that may apply to the type of business and services under consideration.