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## 2111 UNALLOWABLE COSTS

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Effective: August 1998  
Last Revision: April 2016  
Last Reviewed: April 2016  
Resp. Office: Research Services  
Approval: Research Services

### PURPOSE:

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To establish policy for the accounting of costs which are unallowable charges against federally sponsored projects.

### POLICY:

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1. The following costs are unallowable charges to sponsored projects as either direct costs or as part of the F& A rate. They must be identified by the general ledger object code designated for those expenses.
  - a. Advertising, other than for help wanted or for the procurement of goods or services necessary for the performance of the award (e.g. human subjects)
  - b. Alcoholic beverages
  - c. Bad Debt Expense
  - d. Entertainment, unless specifically provided for in the award
  - e. Fines and Penalties
  - f. First class travel
  - g. Goods and Services for personal use, such as automobiles
  - h. Housing and personal living expenses for officers
  - i. Internal interest expense
  - j. Memberships in social, dining or country clubs
  
2. In addition to the specific costs listed above, costs associated with the following activities are unallowable direct charges to sponsored projects. They must be identified and accounted for in funds specified for their purpose:
  - a. Alumni activities
  - b. Commencement and convocation costs
  - c. Executive and Legislative lobbying
  - d. Fund raising costs
  - e. Investment management costs
  - f. Losses on sponsored agreements
  - g. General Public Relations costs
  - h. Costs for prosecuting claims against the Federal government
  - i. Restricted fund overdrafts

## **ROLES AND RESPONSIBILITIES:**

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### **PRINCIPAL INVESTIGATOR**

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- **Reviews and approves all expenditures charged to sponsored projects**
- **Reviews expenditures to determine allowability**
- **Ensures unallowable expenditures are not recorded on sponsored projects**

### **BUSINESS ADMINISTRATOR**

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- **Reviews expenditures with the Principal Investigator to determine allowability**
- **Ensures adjusting entries are performed to remove unallowable costs**

### **OFFICE OF RESEARCH SERVICES**

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- **Provides guidance to Business Administrators and Principal Investigators on determining allowability**
- **Communicates with Business Administrators regarding allowability of costs upon invoicing and reporting on sponsored projects**
- **Prepares charge-back entries as necessary, to offset unallowable costs**

The source of this document is Research Services.