I. Purpose:
To comply with Uniform Guidance 200.420 “General Provisions for Selected Items of Cost”.

II. Applicability:
This policy applies to all University funds.

III. Responsibility:
A. Controller's Office is responsible for the administration of this policy, revisions, updates and education of the community.
B. Sponsored & Cost Accounting Office is responsible for excluding these costs from the F&A rate proposal.
C. Office of Sponsored Projects is responsible for excluding these costs from being charged directly to the Federal Government.
D. The Departments are responsible for properly coding expenditures and following the guidelines of this policy.

IV. Policy:
Unallowable expenses are those that cannot be directly charged to sponsored projects or be included in the University’s indirect costs. Activities and expenses that are unallowable by the Federal Government may still be appropriate and necessary activities/expenses permitted by the University and the State of Rhode Island. Proper coding of unallowable expenses by originating departments must be made to ensure that only those expenses that are allowable are included in direct charges and in indirect costs. Penalties may be imposed on the University for failure to comply with federal requirements. (See Exhibit A for a list of unallowable costs)
V. Criteria for Allowability:

A. According to Uniform Guidance, 200.403 “Factors affecting allowability of costs” must meet the following general criteria in order to be allowable under Federal awards:

1. Be necessary and reasonable
2. Conform to any limitations or exclusions set forth in the Uniform Guidance or in the Federal award
3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-federal entity
4. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost
5. Be determined in accordance with generally accepted accounting principles (GAAP)
6. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period
7. Be adequately documented

B. To comply with the above guidelines, University departments must adhere to the following:
1. A separate account (chartfield string) must be established if an entire activity is unallowable (e.g., Alumni Office, Development Office, Commencement Expenses) and must be excluded from the F&A proposal.
2. An unallowable account (5900) must be used if an expense is unallowable within an allowable activity (e.g., alcoholic beverages, lobbying costs).
This is a quick reference of common unallowable categories. For more detailed information, refer to Uniform Guidance 200.420 “considerations for selected items of cost”.

These principles apply whether or not a particular item of cost is properly treated as direct cost or indirect (F&A) cost. In case of a discrepancy between the provisions of specific Federal award and the provisions below, the Federal award governs.

Description

200.421: Advertising and public relations.
Advertising is allowable only if solely for: the recruitment of personnel required by the non-federal entity for performance of a Federal award; procurement of goods and services for the performance of a Federal award; disposal of scrap or surplus materials acquired in the performance of a Federal award except when non-Federal entities are reimbursed for disposal costs at a predetermined amount; program outreach and other specific purposes necessary to meet the requirements of the Federal Award.

The only allowable public relations cost are: costs specifically required by the Federal award, (2) costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of a Federal award or (3) costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern such as notices of funding opportunities, financial matters, etc.

200.422: Alcoholic beverage costs are unallowable.

200.424: Alumni activity costs are unallowable.
If a department has expenditures directly related to Alumni activity, they must be coded as unallowable.

200.426: Bad debts are unallowable.

200.429: Commencement and convocation costs are unallowable.
If a department has expenditures directly related to commencement or convocation, they must be coded as unallowable.

200.431(f) Institution furnished automobile costs for personal use is unallowable.

200.433: Contingency provisions are unallowable.
200.435: Costs incurred in connection with any criminal, civil and administrative proceeding, claims appeals and patent infringement are generally unallowable. Cost incurred by the institution for defense of suits brought by its employees or ex-employees are unallowable if the institution was found liable or settled. Costs of prosecution of claims against the Federal government, including appeals of final Federal decisions, are unallowable. Costs of legal, accounting, consultant and related costs, incurred in connection with patent infringement litigation, are unallowable unless otherwise provided for in the federal award.

200.434: Contributions and donations are unallowable.

200.438: Entertainment costs including amusement, diversion, and social activities and any cost directly associated with such costs (such as tickets to shows or sporting events, and the meals, lodging, rental, transportation and gratuities that relate directly to the show or sporting events) are unallowable.

200.441 Fines and penalties resulting from failure of the institution to comply with federal, state, local or foreign laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.

200.445: Costs of goods or services for personal use of non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employee.

200.449: Costs incurred for interest on borrowed capital, temporary use of endowment funds or the use of the non-Federal entity’s own funds are unallowable. Financing costs to acquire, construct or replace capital assets are allowable subject to the conditions in 200.449.

200.450: Lobbying costs are unallowable. The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements or loans is an unallowable cost. Lobbying costs incurred in attempting to improperly influence, either directly or indirectly, an employee or officer of the federal government are unallowable.

200.451: Losses on sponsored agreements (overruns) are unallowable.

200.454: Membership costs in any country club or social or dining club or organization are unallowable.
200.458: Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

200.463: Costs of "help wanted" advertising, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment and relocation costs incurred incident to recruitment of new employees are allowable to the extent that such costs are incurred pursuant to the non-Federal entity's standard recruitment program.

200.467: Selling and marketing costs of products or services of the non-Federal entity are unallowable except as direct cost, with prior approval by the Federal awarding agency when necessary for the performance of the Federal award.

200.469: Student activity costs are unallowable unless specifically provided in the Federal award.

200.474: Airfare travel costs in excess of the basic least expensive unrestricted accommodations class offered by commercial airlines are unallowable except in special circumstances specified at 200.474 (3)(d).

Note: URI Travel Policy must be followed. http://web.uri.edu/controller/travel/