



POLICY FOR UNALLOWABLE COST CATEGORIES

Uniform Guidance Requirements and Seattle University Procedures

Responsible Offices:	Controller's Office, Office of Sponsored Projects (OSP)
Effective Date:	Revised FY18
Uniform Guidance:	CFR Title 2 Part 200 Subpart E [Cost Principles]
Revisions:	Updated the term "Uniform Grant Guidance" to "Uniform Guidance" Updated CFR 200 reference from 420 to Subpart E Updated SU account codes to new object codes Added comprehensive table

Purpose

Seattle University conducts a significant level of projects sponsored by the federal government. The government generally supplies the recipient of a federal grant or contract with the funds necessary to cover the expenditures directly associated with a project. In addition, the government will reimburse the institution for the indirect expenditures necessary to create and maintain the environment in which the project is conducted.

Nonfederal grants and contracts are also subject to this policy unless sponsor- or contract- specific conditions allow otherwise.

There are other expenditures, however, that the federal government deems inappropriate and will not reimburse; the government refers to these categories of costs as *unallowable*. These categories are identified by the government's Office of Management and Budget in the Uniform Guidance (2 CFR 200.420-475 formerly circular A-21 section J). It is the university's responsibility to maintain an accounting system that clearly identifies and segregates unallowable cost categories so that they will be excluded from the university's proposals for cost reimbursement. In order to accomplish this, schools and departments should identify unallowable costs by using appropriate natural object codes on all invoice and payment requests.

Please note that the term *unallowable* is defined by the federal government and is for the purpose of complying with federal costing regulations only. Certain types of expenditures, though not reimbursable by the federal government, are necessary for conducting university business and will continue to be reimbursed by Seattle University according to its Accounts Payable Policies. The goal is to comply with appropriate federal regulations while supporting departmental management and control of university accounts.

Policy

All expenditures charged to sponsored projects receive an additional review by the Grant & Financial Accountant to ensure that it is allowable per Uniform Guidance and the specific grant contract.



This document contains a listing of certain cost categories that have been classified as unallowable per Uniform Guidance. With each category is a description of the government's guidelines as set forth in Uniform Guidance as well as a description of the university's reimbursement policy and natural object codes to be used when requesting reimbursement from Accounts Payable.

A complete copy of the Uniform Guidance is posted on the Internet at the US Government Publishing Office. Any questions regarding cost categories should be directed to the Office of Sponsored Projects or the Controller's Office.

Cost Category: ALCOHOL

According to the federal government's Uniform Guidance, any cost recovery from the federal government for purchases of alcoholic beverages is unallowable.

The University's policy allows for certain purchases of alcohol for University business. In such cases, charges for alcohol should be made to one of the following natural object codes:

- 5302050 Entertainment expense
- 5302010 Catering – Bon Appetit
- 5302020 Meals Non-travel

This will ensure that the charges for alcohol are segregated in the university accounts and subsequently excluded from a proposal for indirect cost reimbursement from the federal government.

As policy, no charges for the purchase of alcoholic beverages should be made as a direct charge to a grant or contract account, regardless of the award sponsor or of the expense type code used.

Cost Category: ENTERTAINMENT

According to the federal government's Uniform Guidance, all charges for entertainment are unallowable, whether or not the purpose of the entertainment concerns university interests. Entertainment includes luncheons, dinners, banquets, receptions, flowers and decorations purchased for an event, etc.

According to SU policy, charges for entertainment that are related to the interests of the university are appropriate and reimbursable by the university. These entertainment expenses should be charged to following natural account code:

- 5302050 Entertainment Expenses

This will ensure that the charges for unallowable entertainment is segregated in the university accounts and subsequently excluded from a proposal for indirect cost reimbursement from the federal government.

Cost Category: MEMBERSHIPS, SUBSCRIPTIONS, AND PROFESSIONAL ACTIVITIES



According to the federal government's Uniform Guidance, all charges for memberships and professional activities related to one's profession are allowable. However, memberships in civic and community organizations; memberships in country, social, or dining clubs; and subscriptions, dues, and other fees not related to one's profession are unallowable.

All memberships should be charged to the following natural object code:
5301520 Association Dues/Memberships

SU encourages faculty and staff membership in organizations that will promote the advancement of instruction, research and public service and will enhance the professional standing and development of its faculty and staff. The Controller's office will review this account for unallowable memberships to exclude from the proposal for indirect cost reimbursement from the federal government.

Cost Category: ADVERTISING, PUBLIC RELATIONS, AND FUND RAISING

According to the federal government's Uniform Guidance, the majority of costs for advertising, public relations, and fund raising are unallowable. These unallowable expenses include the costs of displays, demonstrations, and exhibits; the costs of promotional items; and the costs of advertising and public relations designed solely to promote the institution.

Expenditures related to public relations may be allowable or unallowable depending upon the purpose of the expenditure. If the activity is promotional in nature it is unallowable; if the activity is informational and/or instructional in nature and thus provides a public service, it is allowable. All unallowable expenditures associated with advertising, fund raising, and public relations should be charged to one of the unallowable natural object codes listed below.

Advertising is allowable when used for the purposes of recruiting faculty and staff to fill a required position for a research grant. It is also allowable to advertise for the procurement of goods and services for the performance of the grant agreement. Public relations costs are allowable if they are specifically required by the grant agreement or if they are necessary to keep the public informed on matters of public concern.

According to SU policy, expenditures associated with advertising, public relations, and fund raising are appropriate and reimbursable by the university as long as they represent activities related to the interests of the university. Use the appropriate department or expense codes listed below.

Activity Strings

11-0-4-201010- Marketing & Communications
11-0-4-261010- VP for University Relations
11-0-4-262010- Advancement
11-0-4-262010- Development
11-0-4-264030- Planned Giving Program
11-0-4-264040- Annual Fund Program
18-0-4-404410- Law School Advancement

Object Codes

5304010 Marketing-Print
5304020 Marketing-Online
5304030 Marketing-TV/Radio
5304040 Marketing-Outdoor



Allowable advertising or public relations that are part of a direct expense are recorded to the grant department expenses. All other charges to these accounts are considered unallowable during the F&A rate proposal to be conservative. This will ensure that the charges for unallowable entertainment is segregated in the university accounts and subsequently excluded from a proposal for indirect cost reimbursement from the federal government.

Cost Category: **COMMENCEMENT AND CONVOCATION COSTS**

According to the federal government's Uniform Guidance, expenditures related to commencements and convocations are unallowable. Commencements and convocations would encompass all activities associated with the graduation exercises, including those events designed to honor individuals for their achievements. Such expenditures should be charged to the appropriate commencement or convocation department.

11-0-3-281070- Commencement
11-0-4-041050- Convocation

Cost Category: **MOVABLE EQUIPMENT**

According to the federal government's Uniform Guidance, recovery of the cost of capital equipment through depreciation or use allowance is allowable.

SU equipment whose cost exceeds \$5000 per unit and has an expected life of more than one year is considered capital equipment. A unit of capital equipment includes the cost of all integral component parts and the costs for installation and shipping. Equipment should be charged to one of the following account codes:

5700450 Equipment – Computer Workstation
5700490 Equipment – Other
5700470 Equipment – Servers
5700480 Equipment – Network

All equipment purchases are reviewed to determine if they meet the capital equipment threshold.

Cost Category: **GOODS OR SERVICES FOR PERSONAL USE**

According to the federal government's Uniform Guidance, goods and services for personal use are unallowable. Goods and services for personal use are also not allowed by SU policy.

Cost Category: **DONATIONS OR CONTRIBUTIONS BY THE INSTITUTION**

According to the federal government's Uniform Guidance, all institutional donations and contributions are unallowable. SU does allow for certain authorized donations on behalf of the university.



Donations and contributions are currently charged to natural object codes:

5308060 Donor Gift Exp/Stewardship

5304050 Sponsorship- External Event

5308095 Miscellaneous

The Controller's office will review these account for unallowable donations or contributions to exclude from the proposal for indirect cost reimbursement from the federal government.

For additional guidance, please refer to the below table or directly reference 2 CFR 200:

Selected Cost Item	2 CFR Part 200.XXX	Rules
<p>Advertising and public relations costs</p> <p>The term advertising costs means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like.</p> <p>The term "public relations" includes community relations and means those activities dedicated to maintaining the image of the non-Federal entity or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.</p>	§200.421	Allowable with restrictions
Advisory councils	§200.422	Unallowable with exceptions
Alcoholic beverages	§200.423	Unallowable
Alumni/ae activities costs incurred by IHEs	§200.424	Unallowable
Audit costs and related services	§200.425	Allowable with restrictions
Bad debts	§200.426	Unallowable
Bonding costs	§200.427	Allowable with restrictions
Collections of improper payments	§200.428	Allowable with qualifications
Commencement and convocation costs (Institutions of Higher Education/IHEs)	§200.429	Unallowable with exceptions



Compensation for personal services (discussion includes incentive compensation; intra-institution consulting; part-time faculty; sabbatical leave; standards for documentation)	§200.430	Allowable, with restrictions and special conditions for Non-profits and IHEs
Compensation -fringe benefits (discussion includes insurance; pension plans; organization-furnished automobile; severance pay; post-retirement health; fringe benefits in terms of tuition)	§200.431	Allowable, with restrictions and special conditions for IHEs
Conferences	§200.432	Allowable with restrictions
Contingency provisions	§200.433	Unallowable with exceptions
Contributions and donations	§200.434	Unallowable with exceptions
Defense and prosecution of criminal and civil proceedings and claims	§200.435	Allowable with restrictions (Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringement)
Depreciation	§200.436	Allowable with qualifications
Employee health and welfare costs	§200.437	Allowable with restrictions
Entertainment costs	§200.438	Unallowable, with exceptions
Equipment and other capital expenditures	§200.439	Allowable based on specific requirements
Exchange rates	§200.440	Allowable based on availability of funding
Fines, penalties, damages and other settlements	§200.441	Unallowable with exception
Fundraising and investment management costs	§200.442	Unallowable with exceptions
Gains and losses on disposition of depreciable assets	§200.443	Allowable with restrictions
General costs of government (applicable to states, local governments, and Indian tribes)	§200.444	Unallowable with exceptions
Goods or services for personal use	§200.445	Unallowable
Housing, housing allowances, and personal living expenses	§200.445	Allowable with restrictions and only as direct costs
Idle facilities and idle capacity	§200.446	Idle facilities - unallowable with exceptions;
		idle - capacity allowable with restrictions
Insurance and indemnification	§200.447	Allowable with restrictions
Intellectual property, including royalties	§200.448	Allowable with restrictions
Interest	§200.449	Allowable with restrictions and additional conditions for states, local governments, Indian Tribes, and IHEs



Lobbying	§200.450	Unallowable with exceptions; additional restrictions on non-profits and IHEs
Losses on other awards or contracts	§200.451	Unallowable
Maintenance and repair costs	§200.452	Allowable with restrictions
Materials and supplies costs, including costs of computing devices	§200.453	Allowable with restrictions
Memberships, subscriptions, and professional activity costs	§200.454	Allowable with exceptions for social organizations
Organization costs	§200.455	Unallowable only with Federal prior approval
Participant support costs Direct costs for items such as stipends or subsistence allowances, travel allowances, and registration fees paid to or on behalf of participants or trainees (but not employees) in connection with conferences, or training projects.	§200.456	Allowable with prior approval of the Federal awarding agency
Plant and security costs	§200.457	Allowable with restrictions
Pre-award costs	§200.458	Unallowable unless approved by the Federal sponsoring agency
Professional services costs	§200.459	Allowable with restrictions
Proposal costs	§200.460	Allowable, with restrictions, as an indirect cost
Publication and printing costs	§200.461	Allowable with restrictions
Rearrangement and reconversion costs	§200.462	Allowable, with restrictions, with Federal prior approval
Recruiting costs	§200.463	Allowable with restrictions
Relocation costs of employees	§200.464	Allowable with restrictions
Rental costs of real buildings and equipment	§200.465	Allowable with restrictions
Scholarships and student aid costs	§200.466	Allowable with restrictions
Selling and marketing	§200.467	Unallowable with exceptions
Specialized service facilities	§200.468	Allowable with restrictions
Student activity costs	§200.469	Unallowable unless specifically provided for in the Federal award
Taxes (including Value Added Tax)	§200.470	Allowable with restrictions; additional conditions by type of award recipient
Termination costs	§200.471	Allowable with restrictions
Training costs	§200.472	Allowable for employee development
Transportation costs	§200.473	Allowable with restrictions



Travel costs	\$200.474	Allowable with restrictions
Trustees	\$200.475	Allowable for IHEs and non-profits with restrictions