

Policy on Accounting for Allowable and Unallowable Costs on Sponsored Agreements

Purpose:

To establish guidelines for the charging of allowable costs on sponsored agreement which are consistent with federal, state, city and private grantor regulations. Relevant regulations include Office of Management and Budget (OMB) 81 which is also known as the Uniform Guidance (UG) and Federal Cost Accounting Standards (CAS) 505.

Scope:

Faculty and staff who request and authorize expenses on sponsored agreements.

Responsibility:

The interpretation and administration of this policy shall be the responsibility of the Grants and Contracts Accounting Office in consultation with the Associate Vice President and Controller.

Policy:

This policy applies to all sponsored agreements at the College. Some costs identified as “unallowable” on federally-funded projects may be directly charged to a non-federal project if permitted by both College policy and the non-federal sponsor’s agreement.

The UG defines direct costs as those costs that can be identified specifically with a particular final cost objective or sponsored agreement. The UG also identifies those charges that cannot be charged to awards and are considered unallowable expenses.

Allowable Charges

UG offers three factor tests to determine the allowability of costs applied to federally sponsored agreements. In addition to conforming to any limitations or exclusions in the sponsored agreement, all expenses charged to sponsored accounts must be:

- **Allowable.** A cost must be charged to an index in accordance with the terms and conditions of the award as well as College policy.
- **Allocable.** A cost must support meeting a specific project objective.
- **Reasonable.** The nature of the goods and services acquired and cost involved reflect the action that a prudent person would have taken under the same circumstances.

Unallowable Charges

In accordance with CAS 505, an unallowable cost is defined as any cost which, under the provisions of any pertinent law, regulation, or sponsored project cannot be included in prices, cost reimbursement, or settlements under the federally-sponsored project to which it is allocable. A cost may be either expressly unallowable or directly associated with unallowable activities.

Below are cost allocations representing what is allowable and unallowable and is found in UG 200.420 to 200.745:

COST ALLOCATION/ALLOWABILITY FOR FEDERAL GRANTS

Costs Generally Considered Allowable and Banner Accounts

Description	Account
Advertising and Public Relations (allowable when necessary to meet the specific requirements of the sponsored agreement)	7631
Alterations and Renovations when approved as part of the proposal	7922
Compensation: Personal Services	6111-6442
Compensation: Fringe Benefits	6891
Conferences	7322
Computers	7116, 7183, 7422-7423
Consortium Agreements/ Contracts under Grants	7224
Construction: Only when approved by funding source	7900-7999
Consultant Services	7211
Equipment, depends on intended use	7162, 7188, 7421, 7425
Materials and Supplies	7119
Memberships, subscriptions, and professional activity costs	7611-7612
Participant Support Costs	7621

Description	Account
Publication and Printing Costs	7152
Recruiting Costs	7631
Rental or Lease of Facilities and Equipment	7161-7162, 7732
Relocation costs of employees	7632
Stipends	7829
Telecommunications	7199
Travel	7311, 7317
Training and Education costs	7633
Tuition	7833

Costs Generally Classified as Unallowable

- Advisory councils
- Alcoholic beverages
- Alumni/ae activities
- Bad debts
- Commencement and convocation costs
- Contributions and donations
- Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements
- Entertainment costs
- Goods and services for personal use
- Entertainment Costs
- Fines and Penalties
- Fundraising Costs
- Lobbying
- Prizes & Awards
- Selling and Marketing
- Student Activity Costs

For other commonly used expense account, please see the following link.

[Commonly Used Expense Accounts](#)

If you have any additional questions, please contact our office at 212-678-4112.

Adopted December 23, 2014