

Cost Allowability Policy

Background

Costs are defined as allowable or unallowable for reimbursement by the federal government. Unallowable expenses cannot be charged either directly or indirectly to any federal grant or contract. Our ability to obtain federal grants and contracts is dependent upon meeting federal requirements. Activities related to sponsored programs must comply with the sponsor's terms and conditions, Barnard College's policies and procedures, and federal regulations including those from the Office of Management and Budget (OMB) such as OMB's 2 CFR 200 Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

OMB Regulations and Guidance

Excerpt from OMB's Uniform Guidance:

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

1. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
2. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
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.

When there is a conflict between Barnard College's policy and sponsor requirements, the more restrictive policy applies. There are certain expenses that may be unallowable as direct charges to federal awards that certain non-federal sponsors consider allowable. The terms and conditions of the specific award and/or the guidelines of the individual non-federal sponsor will prevail. In the absence of clear guidance, Barnard College will follow OMB's Uniform Guidance allowability rules.

Common Unallowable Costs

Below is a list of common unallowable costs:

- Advertising
- Alcohol
- Alumni activities
- Bad debt expense
- Commencement costs

- Defense and prosecution expenses
- Entertainment costs (unless specifically written into the award)
- Fines and penalties
- Fundraising
- Goods and services for personal use
- Investment management fees
- Lobbying
- Losses on other sponsored projects
- Student activity costs

For a complete list of unallowable costs against federal grants, please refer to the Unallowable Cost Table below.

Review and Approval

Please note that the Controller and the Senior Accountant will review all grant expenditures. If it is determined that a charge does not meet the standards of being reasonable, allocable and allowable, the charge will be denied and sent back to the department. It will be the responsibility of the department to find another source, such as a department fund or unrestricted account fund. This method ensures that no unallowable cost will be posted to a federal award.

Allowable and Unallowable Costs on Federal Awards as stated in Uniform Guidance

2 CFR 200 Section	Cost Item	Allowability
200.421	Advertising and public relations.	Unallowable.
200.422	Advisory councils	Unallowable.
200.423	Alcoholic beverages	Unallowable.
200.424	Alumni/ae activities	Unallowable.
200.425	Audit services	Unallowable.
200.426	Bad debts	Unallowable.
200.427	Bonding costs	Costs of bonding required in the terms and conditions of the federal award are allowable. Bonding required in the general conduct of operations is allowable as an indirect cost.
200.428	Collections of improper payments	Allowable
200.429	Commencement and convocation costs	Unallowable.
200.430	Compensation - personal services	Allowable if reasonable and allocable specifically to the federal award.
200.431	Compensation - fringe benefits	Allowable if based upon actual fringe benefit costs.
200.432	Conferences	Allowable if conference costs are appropriate, necessary and managed in a manner that minimizes costs to the Federal award.
200.433	Contingency provisions	Unallowable.
200.434	Contributions and donations	Unallowable.
200.435	Defense and prosecution of criminal and civil proceedings, claims, appeals and patent infringements.	Unallowable.
200.436	Depreciation	Allowable as an indirect cost.
200.437	Employee health and welfare costs	Allowable as an indirect cost.
200.438	Entertainment costs	Unallowable unless specifically written into the federal award document.
200.439	Equipment and other capital expenditures	Unallowable unless specifically written into the federal award document.
200.440	Exchange rates	Allowable.
200.441	Fines, penalties , damages and other settlements	Unallowable.
200.442	Fund raising and investment management costs	Unallowable.
200.443	Gains and losses on disposition of depreciable assets	Allowable.
200.444	General costs of government	Unallowable.
200.445	Goods or services for personal use	Unallowable.
200.446	Idle facilities and idle capacity	Unallowable.
200.447	Insurance and indemnification	Allowable if required or approved by the federal award.
200.448	Intellectual property	The costs related to securing patents and copyrights are allowable if required or approved by the federal award.
200.449	Interest	Unallowable.
200.450	Lobbying	Unallowable.
200.451	Losses on other awards or contracts	Unallowable.
200.452	Maintenance and repair costs	Allowable.
200.453	Materials and supplies costs, including costs of computing devices	Allowable.

Allowable and Unallowable Costs on Federal Awards as stated in Uniform Guidance

2 CFR 200 Section	Cost Item	Allowability
200.454	Memberships, subscriptions; and professional activity costs	Allowable if it is related to business, technical and professional memberships or subscriptions. Membership in country clubs or social clubs are unallowable.
200.455	Organizational costs	Unallowable - includes incorporation fees, management consultants, attorneys, accountants, or investment counselors.
200.456	Participant support costs	Allowable with prior approval from the federal agency.
200.457	Plant and security costs	Allowable.
200.458	Pre-award costs	Allowable only to the extent that they would have been allowable if incurred after the start date.
200.459	Professional service costs	Allowable.
200.460	Proposal costs	Should be treated as indirect costs.
200.461	Publication and printing costs	Allowable if they are identifiable with a specific award. Otherwise, they should be included as indirect costs.
200.462	Rearrangement and reconversion costs	Rearrangement and alteration of facilities are allowable as indirect costs. If costs are incurred specifically for a federal award, they may be treated as direct costs if approval is received from the federal agency and written in the federal award document.
200.463	Recruiting costs	Allowable.
200.464	Relocation costs of employees	Allowable but subject to limitations. Please read 200.464 for specific information about allowability.
200.465	Rental costs of real property & equipment	Allowable.
200.466	Scholarships and student aid costs	Allowable only when the purpose of the federal award is to provide training to selected participants and the charge is approved by the federal awarding agency.
200.467	Selling and marketing costs	Unallowable.
200.468	Specialized service facilities	Allowable.
200.469	Student activity costs	Unallowable.
200.470	Taxes	Allowable.
200.471	Termination costs	Allowable.
200.472	Training and education costs	Allowable.
200.473	Transportation costs	Allowable.
200.474	Travel costs	Allowable but subject to limitations. Please read 200.474 for specific information about allowability.
200.475	Trustees	Allowable.