**Cost Allowability Policy**

**Purpose**

This policy, in conjunction with [Barnard’s Purchasing and Expenditure Policy](http://barnard.edu/sites/default/files/inline/expenditurepolicy_0.pdf), provides guidance to ensure the consistent treatment of grant-related costs and to facilitate an understanding of allowable costs for federal grant awards.

**Policy and Procedures**

The allowability of costs incurred by institutions of higher education is determined in accordance with the provisions of the *“*[Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; Final Rule](http://www.ecfr.gov/cgi-bin/text-idx?SID=ed90f54836feb6a994f657188eb05e33&node=2%3A1.1.2.2.1&rgn=div5)” (Uniform Guidance), published by the Office of Management and Budget (OMB).

Unallowable costs, as defined by the federal government, are not reimbursable by federal grants and must be charged to an appropriate College account code.

Some unallowable items to keep in mind are below; additional information is available [here](http://barnard.edu/sites/default/files/inline/expenditurepolicy_0.pdf).

* Alcoholic beverages are unallowable unless the nature of the research specifically requires the purchase and use and the sponsor explicitly approves the cost.
* Entertainment costs (such as tickets to shows or events) that are primarily for amusement or social activities.
* Routine copying and postage charges as well as general office supplies and items that are not aligned with specific projects should not be charged to federal projects.
* Clerical/administrative salaries (including secretarial) must be explicitly budgeted and justified in the budget narrative. Principal Investigators (PIs) are responsible for establishing that the nature of work performed on a research project necessitates clerical and administrative support beyond that routinely provided by the department, and a specific detailed budget must be included in the proposal.

The Uniform Guidance establishes the principles relating to expenditures charged to federal grants or contracts. Essentially, all costs must be:

**Reasonable** – expenditures pass the “prudent person” test;

**Allocable** – expenses can be allocated to a specific project;

**Consistent** – similar expenses are treated the same in similar circumstances; and

**Allowable** – fully in line with the respective sponsored agreement(s).

In order to determine whether a cost is allowable, PIs and other persons responsible for decision-making should be able to affirmatively respond to the following questions:

* Does the cost reflect what a prudent person would purchase and pay?
* Is the type of cost generally recognized as necessary for the project’s operation?
* Does the cost fall within Barnard policy as well as federal laws and regulations and sponsored agreement terms and conditions?
* Have all purchasing and hiring decisions associated with the cost been made in accordance with ethical codes of conduct, including potential financial conflicts of interest?
* Will the goods and services be received and used within the approved project period? (Exceptions to this may be granted for pre-award costs or continuation projects only when allowed by the sponsored agreement terms and conditions and funded by the agency.)

In the event that a PI proposes to charge a direct cost to a federal grant that may fail to pass one or more of the tests of allowability above, the PI must obtain written approval from the cognizant agency to avoid the possibility of a disallowance.

If there are discrepancies between Barnard’s policy and a specific federal agency policy and/or sponsor agreement terms and conditions, agency policy and sponsor agreement provisions will apply.

If there are any questions or concerns about the allowability of certain costs, please contact **Jeffrey Colford,** Associate Controller, Financial Reporting, at 212.854.7734.