

UNALLOWABLE COSTS

Policy Statement

Costs are defined as allowable or unallowable for reimbursement by the federal government. Unallowable expenses may not 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, Saint Joseph's University'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 Saint Joseph's University'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, Saint Joseph's University 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 table entitled [Unallowable Cost Table](#).

Review and Approval

Please note that the Office of Research Services (ORS) will review all expenditures charged to a grant budget. If it is determined by ORS that a charge does not meet the standards of being reasonable, allocable and allowable, the charge will be denied and sent back to the Principal Investigator (PI). It will be the responsibility of the PI to find another source of funds in order for the Request for Funds or Journal Voucher to be processed. This method ensures that no unallowable cost will ever hit a federal award.