

Allowable Costs

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Administering Unit: Graduate School and Research

I. Purpose

The purpose of this policy is to provide guidance for determining the allowability of costs associated with sponsored projects.

Because the federal government is a primary sponsor of research and other scholarly activities at Western Carolina University, the federal cost policies contained in 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* are extended to all sponsored projects, regardless of sponsor type. Adherence to these measures will minimize non-compliance issues and audit disallowances that may impede or detrimentally affect the University research community.

II. Definitions

Direct Costs: Direct costs are those costs that can be identified specifically with a particular sponsored project, or that can be directly assigned to such activity relatively easily with a high degree of accuracy. Typical direct costs include personnel compensation, supplies, travel, subrecipient payments, and equipment.

Allocability: A direct cost is allocable to a sponsored project if it is incurred specifically for the sponsored project or benefits both the sponsored project and other work of the institution and the direct cost can be distributed in proportions that can be approximated using reasonable methods.

Reasonableness: A direct cost is reasonable if the nature and amount of the cost does not exceed what a prudent person would have determined when incurring the costs in the same circumstances. Reasonable direct costs are those generally recognized as ordinary and necessary for operation or the proper and efficient performance of the sponsored project.

Consistency: Direct costs must be treated consistently with respect to institutional policies and procedures that apply to sponsored and non-sponsored activity, and to treatment as a direct or an indirect cost when incurred for the same purpose in like circumstances across sponsored and non-sponsored activity.

III. Allowable Costs

Direct costs must meet the following criteria to be considered allowable:

- necessary and reasonable for the performance of the sponsored project
- conform to limitations/exclusions listed in *Uniform Guidance*, sponsor terms and conditions, the specific sponsored project agreement, and university policies
- allocable to the sponsored project
- consistent with related policies and procedures, and are consistently treated across projects
- in accordance with generally accepted accounting principles (GAAP)
- not used to meet a cost sharing requirement on another sponsored project (unless specifically approved by the sponsor in writing)
- adequately documented

The following table represents the most common costs as a guideline but is not exhaustive. A review of the cost principles criteria and the specific sponsored project agreement is critical in determining whether a cost is allowable.

Unallowable	Generally Not Allowable	Generally Allowable
Advertising and public relations [see 2CFR200.421]	Administrative and clerical salaries [see 2CFR200.413(c)]	Animal care / human participation costs
Alcoholic beverages	Dues and memberships for country clubs or social or dining clubs or organizations; costs of membership in organizations whose primary purpose is lobbying [see 2CFR200.454]	Consortium costs
Bad debt expenses	General purpose equipment	Fringe benefits
Cost overruns	Postage	Laboratory supplies
Entertainment	Recruitment and relocation	Patient care costs
Convocation	Telecommunications	Principal investigator and faculty salaries
Fines, penalties, and parking tickets	Office supplies (e.g. copier toner)	Publication costs
First class travel		Specialized scientific equipment
Gifts, coffee, and water Service		Technical support salary
Fundraising, donations, and contributions		Travel
Legal costs		Membership costs in or subscriptions to business, technical, and professional organizations; membership costs in a civic or community organization [see 2CFR200.454]
Lobbying		