

UConn HEALTH

POLICY NUMBER 2002-05

November 8, 2016

**POLICY: UNALLOWABLE COSTS/ADMINISTRATIVE COSTS
(RESEARCH/SPONSORED PROGRAMS)**

PURPOSE:

To establish policy for the accounting of costs which are unallowable charges against sponsored programs.

POLICY STATEMENT:

1. The following costs are unallowable charges to sponsored programs as either direct costs or as part of the F&A rate. They must be identified by the general ledger object code designated for those expenses.
 - A. Advertising, other than for help wanted or for the procurement of goods or services necessary for the performance of the award (e.g. human subjects).
 - B. Alcoholic beverages
 - C. Bad Debt Expense
 - D. Entertainment, unless specifically provided for in the award
 - E. Fines and Penalties
 - F. First class travel
 - G. Goods and Services for personal use, such as automobiles
 - H. Housing and personal living expenses for officers of the institution
 - I. Internal interest expense
 - J. Memberships in social, dining or country clubs
 - K. Donations and Contributions

2. In addition to the specific costs listed above, costs associated with the following activities are unallowable charges to sponsored programs. They must be identified and accounted for in funds specified for their purpose:
 - A. Alumni activities
 - B. Commencement and convocation costs
 - C. Fund raising costs
 - D. Investment management costs
 - E. Losses on sponsored agreements
 - F. General Public Relations costs
 - G. Costs for prosecuting claims against the Federal government
 - H. Restricted fund overdrafts
 - I. Contingency provision costs
 - J. Defense and prosecution of criminal and civil proceedings
 - K. Insurance against defective work

- L. Malpractice insurance that does not involve human subjects
 - M. Selling and marketing costs
 - N. Student activity costs
3. In order for a direct cost to be an allowable cost against a sponsored program, the cost must be:
- A. Allowable- The cost must be allowable (either as a direct or an F&A cost) under both the provisions of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance", 2 CFR §200.413) and under the terms of the particular award.
 - B. Reasonable - The cost must be necessary for the performance of the award and reflect the action that a prudent person would have taken.
 - C. Allocable - The cost can easily be identified with the project and assigned to the project in accordance with benefits received.
 - D. Consistently Applied - The cost must be accounted for consistently as either a direct cost or as an F&A cost.
4. In general, administrative and clerical salaries should normally be treated as an indirect cost (not charged directly to Federally sponsored programs). Other administrative costs that should normally be treated as an indirect cost include office supplies, postage, local telephone line charges, and membership costs. However, in accordance with the Uniform Guidance administrative and clerical salaries may be directly charged to Federal sponsored programs, if all of the following four conditions are met:
- A. The costs are integral to the project or activity;
 - B. The costs must be explicitly included in the proposal budget or have the prior written approval of the Federal awarding agency;
 - C. The costs are not also recovered as indirect costs; and
 - D. The individuals involved must be specifically identified with the project or activity.

Jeffrey Seemann (Signed)

3/6/17

Jeffrey Seemann, PhD
Vice President of Research

Date

Andrew Agwunobi (Signed)

3/9/17

Andrew Agwunobi, M.D., M.B.A.
CEO, Executive Vice President for Health Affairs

Date

New Policy: 2/25/02
Revised: 11/8/16