UNIVERSITY POLICIES & PROCEDURES

Category: Research
Title: UNALLOWABLE COSTS FOR SPONSORED PROJECTS
Applicability: Thomas Jefferson University
Contributors/Contributing Departments:

PURPOSE

The purpose of this policy is to establish responsibility for compliance with Uniform Guidance, Subpart E-Cost Principles, General Provisions for Selected Items of Cost 200.420-474 (“Uniform Guidance”) and accounting for costs which are unallowable charges against Sponsored Projects (defined below).

SCOPE

This policy applies to:
- Sidney Kimmel Medical College, all Jefferson Schools and Departments that have Sponsored Projects;
- Departments supporting Principal Investigators (PIs) in expending Sponsored Projects such as Research Administration Center of Excellence (RACE), Department Administration and the Office of Research Administration (ORA); and
- Departments included in the F&A cost rate calculation, such as administrative departments, facility departments, library and other service departments and internal service providers.

The term “Sponsored Projects” includes, but is not limited to, sponsored research for any purpose, awards, contracts, cooperative agreements, training grants, fellowships, service contracts, clinical trials, investigator initiated research, government sponsored research, department sponsored research, program services, and research collaborations (collectively, “Research Projects”).

POLICY

1. Costs associated with the following activities are unallowable direct charges to Sponsored Projects. They must be identified and accounted for in funds specified for their purpose:
   - Alumni activities (See, Uniform Guidance at Section 200.424)
   - Student activity costs, with exception (See, Uniform Guidance at Section 200.469)
   - Commencement and convocation costs (See, Uniform Guidance at Section 200.429)
   - Lobbying costs, with exception (See, Uniform Guidance at Section 200.450)
   - Fund raising and investment management expenses, with exception (See, Uniform Guidance at Section 200.442)
   - Interest costs, with exception (See, Uniform Guidance at Section 200.449)
   - Defense and prosecution expenses, with exception (See, Uniform Guidance at Section 200.435)
Advertising and public relations costs, with exception (See, Uniform Guidance at Section 200.421)
- Goods and services for employee’s personal use, such as automobiles (See, Uniform Guidance at Section 200.445)
- Losses (over expenditures) on other sponsored agreements (See, Uniform Guidance at Section 200.451)
- Selling and marketing of goods and services, with exception (See, Uniform Guidance at Section 200.467)
- Housing and personal living expenses, with exception (See, Uniform Guidance at Section 200.445)

2. Certain costs are **unallowable regardless of the activity supported** and cannot be charged to Sponsored Projects as either direct costs or part of the F&A rate. Such costs will be identified by expense account code in accounting records, review of cost transaction details as part of the development of F&A rate proposal, and ongoing review of expenses conducted by Sponsored Projects personnel:
   - Alcoholic beverages (See, Uniform Guidance at Section 200.423)
   - Bad debts and related collections costs and legal fees (See, Uniform Guidance at Section 200.426)
   - Donations and contributions (See, Uniform Guidance at Section 200.434)
   - Entertainment costs, with exception (See, Uniform Guidance at Section 200.438)
   - Unreasonable recruitment costs (See, Uniform Guidance at Section 200.463)
   - Certain relocation expenses (See, Uniform Guidance at Section 200.464)
   - Excessive severance pay agreements (See, Uniform Guidance at Section 200.431(i))
   - Unreasonable travel expenses, such as first-class travel, with exception (See, Uniform Guidance at Section 200.474)
   - Fines, penalties and alleged violations, with exception (See, Uniform Guidance at Section 200.441)
   - Memberships in country clubs, social or dining clubs or organizations (See, Uniform Guidance at Section 200.454(d))
   - Memberships in civic or community organizations, with exception (See, Uniform Guidance at Section 200.454(c))
   - Medical malpractice insurance above extent research involves human subjects or training of participants in research techniques (See, Uniform Guidance at Section 200.447(b)(6))
   - Certain royalty, patent and copyright expenses (See, Uniform Guidance at Section 200.448)
   - Rental costs of home office workspace (See, Uniform Guidance at Section 200.465(c)(6)).

3. Unallowable costs also may be identified in the specific award terms and conditions of a Sponsored Project.

4. If an unallowable cost is determined to have been charged, it will be refunded to sponsor.

5. If discrepancy exists between award terms and conditions and Uniform Guidance provisions, the award governs.

6. Records for costs deemed allowable by exception are subject to audit and should be retained per requirements of Sponsor (See, Uniform Guidance at Section 200.333).

**PROCEDURE**

1. The Principal Investigator (PI) shall be responsible to:
   a. Review and approve all expenditures charged to Sponsored Projects;
   b. Review expenditures to determine allowability; and
c. Ensure unallowable expenditures are not recorded on Sponsored Projects.

2. RACE/Department Administrational shall be responsible to:
   a. Review expenditures with the PI to determine allowability; and
   b. Ensure entries are performed to remove unallowable costs.

3. Office of Research Administration (ORA) shall be responsible to:
   a. Provide guidance to PI, RACE and Departmental Administration on determining allowability; and
   b. Approve and ensure entries are performed to remove unallowable costs.

Revision Date(s):
Review Date(s): 12/28/2015

Responsibility for maintenance of policy: Office of Research Administration

(Signature on File)

Approved by:
Mark Tykocinski, MD
Provost and Executive Vice President for Academic Affairs, Thomas Jefferson University