

Sponsored Programs Monthly

Allowable / Unallowable Costs



What is considered Allowable?

OMB Circular A-21 -- C. Basic considerations. 2. Factors affecting allowability of costs. The tests of allowability of costs under these principles are: (a) they must be **reasonable**; (b) they must be **allocable** to sponsored agreements under the principles and methods provided herein; (c) they must be given **consistent treatment** through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must **conform to any limitations or exclusions set forth in these principles or in the sponsored agreement** as to types or amounts of cost items.

Examples of costs requiring further explanation on payment docs:

Computers: Typically unallowable. Computers are most often used for multiple tasks (i.e. email, instruction, administrative tasks, proposal preparation, research, etc). To be allowable, they must be in the budget **and** used solely on the project (or have a reasonable basis for allocating a portion of the cost to the sponsored project).

Cellphones: Typically unallowable. Must be included in budget/scope of work, used solely on the sponsored project charged, and must conform to State of Kansas policies ([PPM Chapter 6330](#)).

Foreign Travel: Must be in budget and may require prior sponsor approval. Must comply with the **Fly America Act** (US air carriers must be used, regardless of cost, or airline needs to have a code sharing agreement with a US air carrier).

Exceptions to Fly America Act: <http://www.gsa.gov/portal/content/103191> and <http://www.gsa.gov/portal/ext/public/site/FTR/file/Chapter301p010.html/category/21868/> (search for “exceptions”)

Meals & Entertainment: Typically unallowable. Click here for more info: <http://www.k-state.edu/finsvcs/sponsoredprograms/news/mealsandrefreshments.html>

Dues, Memberships, Subscriptions: Typically unallowable. These are typically for the benefit of an individual rather than the benefit of the research project.

Additional Resources:

<http://www.k-state.edu/finsvcs/sponsoredprograms/news/allowablecosts.html>
http://www.whitehouse.gov/omb/circulars_a021_2004