

ALLOWABILITY & APPROPRIATENESS: HOW TO KNOW IF EXPENSES ARE ALLOWABLE

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DEFINITIONS

ALLOWABLE expenditures **CAN be charged when:**

- Has an ISU business purpose (exception: some worktags)
- Adequately documented – would hold up to audit scrutiny
- Adheres to applicable state and federal laws, regulations, university and sponsor policies, and terms and conditions specified in contractual documents

Type of account (funding source) affects allowability; payment method does not.

APPROPRIATE expenditures **SHOULD be charged when:**

- Necessary and beneficial to the University and to the sponsor; if questionable, needs to be well-documented
- Reasonable – Use the Des Moines Register test
- For sponsored funding (grant worktag), the expenditure must be necessary to perform the work funded by the sponsor

RESPONSIBILITY FOR ALLOWABILITY AND APPROPRIATENESS:

Expenditures charged to all university accounts must be both allowable and appropriate. The department and/or college are ultimately responsible for providing information on the business purpose and determining that an expenditure is allowable and appropriate.

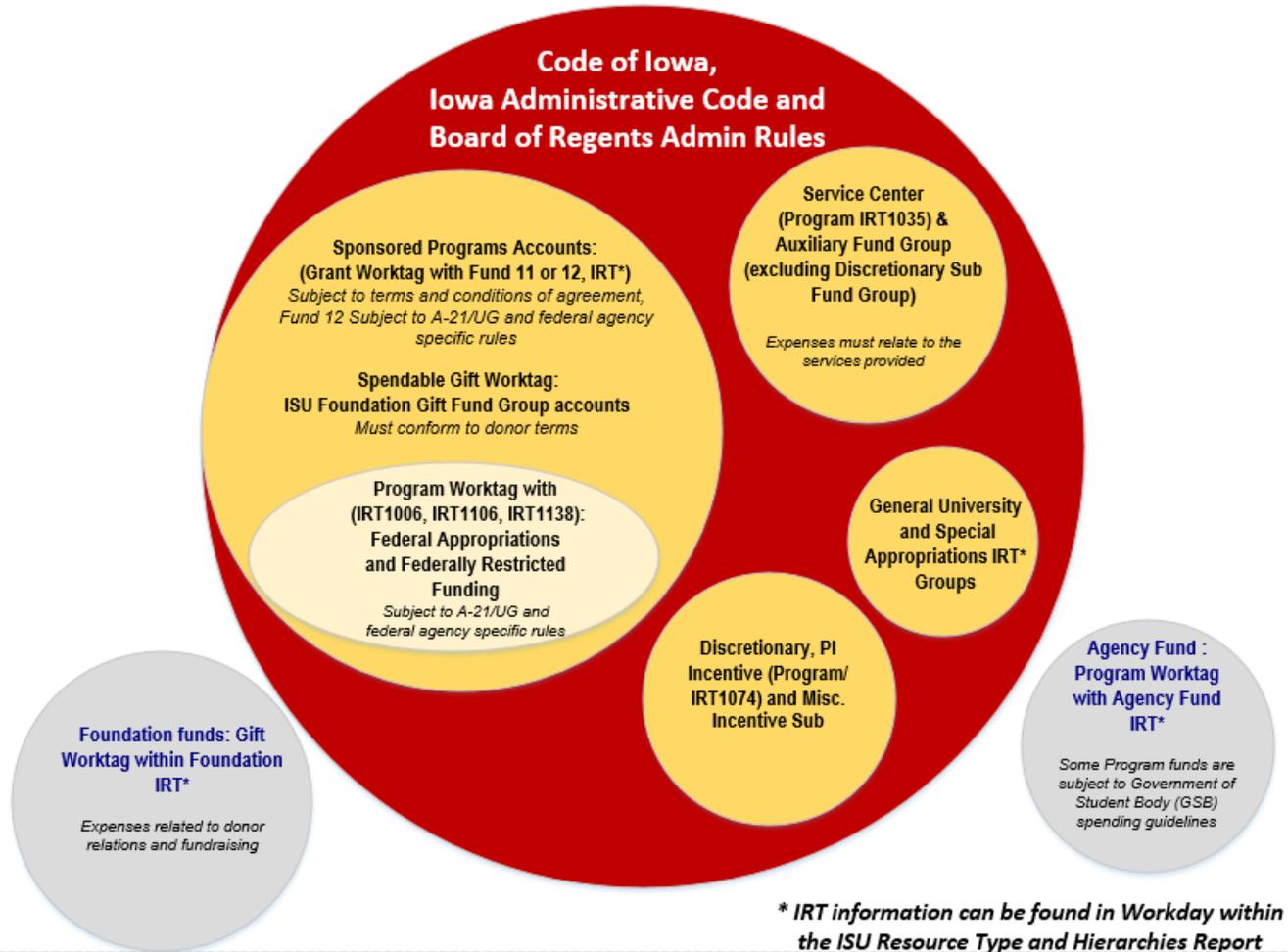
DOCUMENT RETENTION:

In general, most documentation related to accounting transactions is attached to the Workday transaction: p-card; Travel & Hospitality (T&H) card; Expense Report; Accounting Journal/Manual Journal; or Supplier Invoice. However, with some business processes, the department, unit or service center is responsible for the collection, audit of expenditures, and retention of accounting source documents. Some examples of these processes where the department and/or unit retains the source documents are intramural billings generated by service centers. Whenever possible, accounting transaction documentation should be attached and retained within the university's central system of record (Workday Finance).

FOUNDATION DATA MODEL:

Worktag	Type	Description
Grant	Driver	ISU Sponsored Programs (excluding Foundation)
Project	Driver	Capital projects and faculty startups
Program	Driver	Accounts not ISU Endowments, Foundation, Sponsored Programs, Capital Projects, or Faculty Startups
Gift	Driver	ISU Endowment and ISU Foundation Parallel Accounts
Cost Center	Related	A department, center, institute, or major program
Business Unit	Related	An organizational level which every Cost Center is assigned to one Business Unit.
Institutional Resource Type (IRT)	Related	Used to identify major groups of institutional funding
Fund	Related	Used to identify resources segregated by special regulations, restrictions, or limitations.
Department Detail	Conditionally Related	Worktag established at the institutional level to track transactions at a more granular level than Driver Worktags. Can be used with Driver worktags to define details required at the cost center level. May also be associated with a Driver Worktag and thus considered a Related Worktag.
Assignee	Conditionally Related	Worktag that supports tracking of funds and expenses identified to a person. Identifies the faculty or staff employee assigned to specific funds. May also be associated with a Driver Worktag and thus considered a Related Worktag.

GOVERNING RULES FOR ISU FUNDS



Governing Rules and Definitions for ISU Funds

Most funds available for ISU spending are subject to three major Iowa governing bodies:

- Iowa Code, which is a composite of all laws passed by the Iowa General Assembly - <https://www.legis.iowa.gov/law/iowaCode>;
- Iowa Administrative Code, which are rules written by the Executive Branch and have the full effect and force of law - <https://www.legis.iowa.gov/law/administrativeRules/agencies>; and
- Board of Regents Policy Manual, a compilation of policies applicable to the Regents institutions that incorporates applicable sections of the Iowa Code and the Iowa Administrative Code - <http://www.regents.iowa.gov/Policies/boardpolicies.html>

Types of ISU Funds (Institutional Resource Type Hierarchy):

Agency Funds: Program Worktags with an IRT fund hierarchy of Agency Funds (example: IRT1092 AGVEND-Vending) accounts are called agency accounts. Monies are held by ISU but are “owned” by another party. Agency accounts are established only for organizations meeting specific criteria, such as registered student organizations, departmental vending accounts, affiliated entities (recognized by the Board of Regents), county extension offices, professional organizations related to academic disciplines where an ISU employee is generally the treasurer, editor, etc. An ISU business purpose is not required for expenditures, but agency requirements for expenditures may exist.

Auxiliary Funds: Program Worktags within IRT1035 are called service center accounts or recharge/auxiliary accounts. Service center accounts are established for the sale of goods and services by University departments. Activities are related to the University’s primary missions and create goods or services sold to students, staff, and the general public. Expenditures in these accounts must relate to the services provided. Examples of activities in these accounts are greenhouse rentals, central stores, transportation services, meat laboratory, departmental copying services, etc.

Endowment Funds: Gift worktags with an IRT within the Endowment Funds hierarchy represent endowed gifts, along with their gains, losses, and earnings, given directly to the University as opposed to the ISU Foundation (example: IRT1002 EDEND-Endow Educational)

Federal Appropriations: Program worktags with an IRT within the federal appropriations hierarchy are direct federal appropriations or federal American Recovery and Reinvestment Act (ARRA) funding received via the State of Iowa.

General University: The IRT hierarchy for General University represents appropriations provided by the State of Iowa and prior year carryforward of any unspent general university appropriations, also called advance commitment funds (ACF). General university appropriations are the largest pool of funding the state provides for general operating and salary expenditures for instruction, research and extensive and are not subject to

reversion. Units must provide a spending plan each year for ACF per institutional policy guidelines from the Office of the Executive Vice President and Provost.

ISU Foundation Gifts: A gift worktag with an IRT1001-ISURF are ISU Foundation parallel accounts. Each gift worktag account corresponds to a specific ISU Foundation account. The ISU Foundation reimburses the University monthly for all expenditures charged to the gift worktag. Expenditures charged to these accounts must comply with any donor restrictions.

Investment in Plant (Plant Funds): Project worktags with an IRT within the IRT hierarchy for Unexpended Plant Funds, Renewal and Replacement or Funds for the Retirement of Indebtedness are commonly referred to as Plant Funds. Plant fund accounts are used to track expenditures for capitalized projects such as buildings, capital improvements such as repairs, replacements, and alterations, revenue bonds for debt associated with capital projects, and the University's equipment lease program.

Loan Funds: The University's student loan programs are administered through the program worktags within the loan funds IRT hierarchy. These loan funds come from private, state, and federal programs.

Self-Supporting: Self-supporting activities are products or services provided for a fee by campus departments. Self-supporting activities must function like a non-profit business and collect revenues sufficient to cover all costs. Services offered must be necessary to advance the educational, research, or public service functions of the university. Included in these funds are the following:

- Discretionary Funds: Program worktags with an IRT of IRT1110 are accounts established for discretionary funds. Funds deposited into these accounts must be unrestricted and cannot be transferred from other restricted fund accounts. Examples of monies that could be deposited or transferred into a discretionary account are residual funds from an expired fixed price sponsored project (Grant Worktag) and payments made for staff consulting services or from teaching for Extension and Continuing Education. Expenses from discretionary funds must have an ISU business purpose and comply with Regents and ISU spending policies. Goods or equipment purchased from discretionary funds are property of the University and ARE NOT PERSONAL PROPERTY. If the ISU employee leaves their employment at the University, the property remains with ISU.
- Fee for Service Funds: (FFS) operations are established for the purpose of producing and selling goods and/or services to University departments and/or external customers. Sales must comply with the University's mission, federal uniform guidance and the fair competition policies.
- Incentive Accounts: Accounts established for faculty eligible to receive distribution of Facilities & Administrative (a.k.a. indirect) revenue generated from sponsored projects. The funds have a program worktag with an IRT of IRT1074 or IRT1109). Funds can only be used for ISU business purposes and must comply with Regents and ISU spending policies. Goods or equipment purchased from incentive funds are the property of the University and ARE NOT PERSONAL PROPERTY. If the ISU employee leaves his/her employment at the University, the property remains with ISU.

- Petty Cash: Program worktags with an IRT of IRT1139 PCASH-Petty Cash are commonly called petty cash funds. These accounts show the outstanding balance of funds being held as petty cash in various University operations by departments.

Special Appropriations: The IRT hierarchy for Special Appropriations represents appropriations provided by the State of Iowa. These appropriation types include: special state appropriations given for special projects and research centers and direct state appropriations provided for the Agricultural Experiment Station and Cooperative Extension.

Sponsored Programs Funds: Grant Worktags are Sponsored Programs accounts originating from contractual agreements between the University and external sponsors. Those utilizing a fund of FD12 are federal or federal flow-thru while those in FD11 are all non-federal dollars.

External sponsors include Federal agencies, commodity boards, corporations, individuals, private foundations, and state agencies. A contractual agreement is a written document between the University and sponsor to carry out a specific project and normally entails a scope of work and/or a deliverable of some kind. These agreements are legally binding documents, and generally include administrative terms and conditions restricting the use of the funds. For cost reimbursable agreements, expenditures in these accounts must provide benefit to the sponsored project and comply with applicable terms and conditions.

EXPENDITURES INVOLVING FOUNDATION FUNDS

Effective October 1, 2002, University departments were required to use a University account (gift worktag) to expend Foundation funds. Exceptions to this process are:

- Scholarships are processed through the Office of Student Financial Aid, utilizing the Foundation account number on the Student Aid Award Form.
- Capital building projects are managed and billed through the Facilities Planning and Management department.
- Expenses relating to donor relations and fundraising where confidentiality is an issue may be paid directly by the ISU Foundation.

All other expenses are to be processed using a foundation account. Expenses submitted directly to the Foundation will be returned to the department for processing by the University unless they are confidential items related to fundraising. The Foundation automatically reimburses the University monthly for all expenditures and charges the appropriate Foundation account.

ISU procurement policies and ISU business purpose requirements apply to the foundation accounts. Hospitality expenses related to alumni events, employee recruitment, and external relations expenses may be paid from the foundation accounts even if alcohol is served. General support foundation accounts may not be used to purchase alcohol when only ISU employees are attending. Expenditures must comply with restrictions, if any, placed on the funds by the donor. As always, adequate documentation must be provided and the authorizing administrator must be prepared to justify the appropriateness and reasonableness of the expenditure.

The Iowa State University Foundation is a 501(c)(3) organization established solely to benefit Iowa State University. Gifts to the Foundation are to be used to support the mission of the University. Therefore, expenditures from Foundation accounts must relate to a University activity or function, or must support the University's advancement, and are expected to be commensurate with the probable benefit to the University. Foundation funds are not intended for the personal benefit of University employees and are expected to be used prudently. All foundation expenditures are public records.

Compliance with donor intent is the primary test of allowability. The determination of legitimate business purpose, or appropriateness, is the responsibility of the Department Chair, Director or Dean.

Questions about how to handle expenditures from Foundation funds can be directed to Financial Accounting and Reporting/ISU Controller's Department, Accounting Office/ISU Controller's Department, or the ISU Foundation Accounting Office.

Any funds received from donors must be deposited directly to the ISU Foundation, rather than to a university account. This will enable the ISU Foundation to perform the required tax reporting.

General Rules for ISU Funds

ADEQUATE DOCUMENTATION – It is not possible to determine the allowability and appropriateness of an expense unless adequate documentation exists. Adequate documentation includes an invoice or receipt that identifies WHAT was purchased, WHERE it was purchased, WHO purchased it, and WHEN it was purchased. If all of this information is not contained on the receipt or invoice itself, it needs to be added to the explanation on the electronic document in Workday, or written on the receipt/invoice/intramural. The fifth “W,” or WHY it was purchased, must be added to the appropriate section of the electronic document as follows: Supplier Invoice- Memo field on invoice line, Ad Hoc Payment – header Memo field, Expense Report – header Memo field.

The department and/or college are ultimately responsible for determining and documenting the allowability and appropriateness of expenditures. The department and/or college are in the position to determine the best way to use their funds. Judgment on reasonableness of all expenditures, and especially in the case of hospitality, is the responsibility of the college and/or department.

When cash or other property is given out to research participants, a Research Participant Receipt Form (RPRF) should be attached in lieu of an invoice. When cash or other property is given out as part of a drawing, door prize, or some other purpose other than research, a Property Receipt Form should be attached in lieu of an invoice. A Property Receipt Form is not required for:

- flowers (or memorial/gift in lieu of flowers) given in connection with an illness, hospitalization, or death of an employee or their immediate family members; or
- gifts to donors or international visitors; or
- milestone recognition, retirement or going-away gifts for full-time ISU employees (unless cash or gift card of \$100 or more) or
- token non-cash items or token research incentives (having a value of \$20.00 or less).

PROCUREMENT SERVICES

Procurement Services oversees purchasing all goods and services on behalf of Iowa State University. Procedural guidance is provided in the Payment and Procurement Methods document on their website.

<https://www.procurement.iastate.edu/resources/payment-and-procurement-methods>

UNALLOWABLE EXPENDITURES - Certain types of expenditures are not allowable from any funding source. Examples of unallowable expenditures include:

- **Artwork for individual offices** is considered a personal expense and is not allowable from any funding source. However, artwork in public areas is allowable.
- **Flowers for birthdays, holidays, weddings, wedding anniversaries, or baby showers** are not allowable from any funding source. See the section below for conditionally allowable purchases of flowers. See Q&A section for examples
- **Gifts in lieu of payment for services** are not allowable from any funding source. See

the section below for conditionally allowable token non-cash items.

- **Gifts to employees or students for recognition of personal events such as graduations, birthdays, holidays, weddings, wedding anniversaries, or baby showers** are not allowable from any funding source.
- **Home internet** reimbursement is not allowable from any funding source. In addition, cell modems procured from an ISU contracted cellular provider should not be used for personal use in place of home internet access. If extenuating circumstances exist, an exception would need to be approved and documented by the employing unit. Refer to: <http://www.controller.iastate.edu/controller/cta.htm>.
- **Home office** expenses (including computer towers, monitors, and printers) are unallowable from any funding source if ISU provides office space in another location. However, if an appropriate business justification is provided for a unique situation, the final decision of allowability and appropriateness of home office expenses can be determined by the department. If an exception is granted, use of ISU-provided resources is to be used strictly for ISU business purposes only. If extenuating circumstances exist, an exception would need to be approved and documented by the employing unit (such as working from home due to the 2020 pandemic) and the tax department (Payroll, Benefits and Tax) must be contacted to determine taxability to employee.
- **Parking fines, parking permits, library fines, late fees, bus passes for commuting, and finance charges** are the **personal responsibility** of the person who incurs them. They are not allowable from any funding source.

CONDITIONALLY ALLOWABLE EXPENDITURES - Some types of expenditures are only allowable from certain funding sources, or when the expenditures meet other conditions:

Alcoholic beverages usually are only allowable from agency funds, or from general support Foundation funds in appropriate hosting situations, such as interview dinners, or milestone recognition events. If only ISU employees are attending, only agency funds may be used. Other funding sources might be allowable if the use is for cooking, research, course study, or catering provided by an ISU department that routinely provides catering services. Approvals and use of alcohol for events in University buildings and on University grounds must comply with the University Policy Library - Alcohol, Drugs, and Intoxicants. If an ISU department puts on a conference, and the fees paid by the conference participants include an event that serves alcohol, the non-sponsored fund account that received the registration fees may also be used to purchase the alcohol for the conference.

Cell Phone expenses are outlined in the Communication Technology. Please refer to the University Policy Library regarding eligibility for University funding: <https://www.policy.iastate.edu/policy/communicationtech>. Additional information can also be found at: <http://www.controller.iastate.edu/controller/cta.htm>

Clothing Suitable for Street Wear generally is not allowable. However, shirts that contain the department's logo worn as a uniform, for a specific event, or for program identity purposes would be allowable from sources other than sponsored programs funding. Protective clothing (e.g., hard hats, work gloves, hip waders, or steel-toed boots) may be

allowable if required for the performance of an employee's job from sources other than sponsored programs funding. Protective clothing does not include UV protective clothing which is not an allowable expenditure on any funding source.

ISU licensed apparel purchased for employees and event volunteers will be considered allowable from appropriate funding sources when the funding department documents the ISU business purpose. Valid business purposes could include event/public recognition, marketing, and employee morale. ISU licensed apparel purchased for non-employees with a valid ISU business purpose would also be considered allowable.

Conflict of Interest payments must be pre-approved by Procurement Services.

Contributions and Donations are allowable from agency funds. However, a donation or contribution may be allowable from other non-sponsored funding sources if it covers a specific identifiable cost. If ISU is sponsoring a conference where they will be listed in the conference literature as a sponsor of the event, the charge should be described as advertising.

Door prizes other than token non-cash items to employees as described below, that are given out during an employee morale event are allowable only from agency funds. Door prizes or raffle prizes given to students or non-employees at ISU events are allowable on all funds except sponsored program funds. If the value of the prize is more than \$20.00, a Property Receipt Form must be signed by the recipient and kept with the expenditure documentation.

Employee business functions for events for which only ISU employees are present contain the greatest uncertainty regarding allowability. The associated costs must represent a legitimate business expense with a work-related purpose. The following provide examples of meetings attended only by ISU employees. Food and beverages for recurring functions where participants are all from the same department should be kept to a minimum.

- A meal may be served when the function is pre-planned and a number of people are involved. Having food served on campus vs. dining out is generally viewed as more businesslike and less social. Examples:
 - If the most convenient time a *group* of people can schedule a work-related meeting is over the noon hour, providing lunch on campus is generally appropriate. Recurring committee meetings involving employees from many departments would fall into this category. All funding sources, except sponsored programs accounts, would be allowable for this type of expenditure.
 - If two employees meet at a restaurant downtown, even if business is discussed, this is generally not appropriate, since the individuals would normally have lunch. Under some circumstances where it is the only convenient time, agency funds or general support Foundation funds may be used. For Foundation funds, the business purpose of the meeting must be documented, and no alcohol is permitted.
- The restaurant used must be commensurate with the business purpose of the meeting and expenses must be reasonable. Upscale restaurants are normally only appropriate when outsiders are in attendance and making a positive impression on the guest is part of the business purpose.

Employee parties/picnics and other gatherings, such as holiday parties or employee picnics, should only be expensed from agency (IRT1092) or general support Foundation funds, and the business purpose must be properly documented. The business purpose for these types of events generally is employee morale or appreciation which is not the same thing as milestone recognition, which spotlights a specific

achievement of an individual or unit. For example, an annual employee picnic would be employee appreciation, but a picnic to commemorate the 25th anniversary of the department would be considered milestone recognition.

Employee use equipment such as coffee, coffee pots, refrigerators, microwave ovens, etc. purchased exclusively for employee use are allowable when charged to agency funds or Foundation funds. This does not preclude a unit from initially charging coffee to University funds, except sponsored programs funding sources, and then collecting employee funds to reimburse the University account. Employees should not contribute to a Foundation (Gift worktag with IRT1001-ISURF) for the purchase of coffee, as this would be taking a tax deduction for a personal expenditure.

Flowers used for public functions, such as retirement parties and convocations, are allowable from sources other than sponsored programs funding. Flowers purchased in connection with the illness or hospitalization (including maternity) of employees are allowable only from agency funds or general support Foundation funds. Flowers purchased in connection with the death of employees, their immediate family members, or key constituents (e.g., donors) are allowable only from agency (IRT1092) funds or general support Foundation funds. A memorial or cash gift may be made in lieu of flowers, as long as the amount does not exceed what typically would have been spent for flowers.

Fundraising - Since building relationships with alumni and fundraising are integral parts of University administration, costs for these types of events can frequently be paid from any source except sponsored programs funding. However, any event where tickets are sold and the proceeds used as fundraising should be coordinated with the Foundation so that appropriate tax reporting to the donors can occur. Without the proper gift receipt, no portion of the payment could be considered tax deductible by the donor.

Gifts for recognition of employee (full-time only, not students or student employees) achievements (such as those presented through formal awards programs), retirements, or going-away functions are allowable, except on sponsored programs funding. However, the cost of the gift must be reasonable. Reasonableness of costs would vary depending on such issues as position level, how many people the employee interacted with, as well as the length of service to the institution. Gifts to international visitors, especially those from certain cultures, are frequently an expected courtesy and are considered an appropriate expenditure, except on sponsored programs funding. An incidental gift to an employee in the form of a gift card for \$20 or less can be given with the business purpose of employee morale and only on vending agency funds (IRT1092).

Lost key fees will be charged to the employee's department, and it is up to the department to decide whether to recover funds from the employee through Accounts Receivable.

Memberships that are Institutional memberships/university-wide nature, such as the American Council on Education, the National Association of State University Land Grant Colleges, and the North Central Accrediting Association, may be funded centrally. Decisions and funding of other association memberships should be made at the college and departmental level. At the discretion of the department, personal memberships in professional organizations may be paid if journals or other professional materials relating to the unit's business purpose are included in the cost of membership. Memberships of a purely social nature are not allowable.

Milestone recognition - Retirement, going away or other milestone recognition functions for

full-time ISU employees are generally considered to be appropriate from sources other than sponsored programs funding as long as the costs are reasonable. Alcohol is allowable from agency worktags. If non-ISU employees also are attending, general support foundation worktags can be used. These events can be distinguished from a purely social function since the primary purpose of the event is to recognize an employee(s) for extended service to ISU or for specific achievement such as receiving an award. Milestone recognition events do not apply to part-time student employees.

Reasonableness of costs would vary depending on issues such as how many people the honoree interacted with as well as their length of service to the institution. In addition, the nature of the expense should be considered. Cake at a reception would be an appropriate cost, but greens fees for a golf outing honoring a retiree would not. Recognition of personal events, such as employee birthdays, weddings, wedding anniversaries, or baby showers, is not an appropriate expense from any funding source. If a unit feels this is an important event, the group or administrator involved should pay the expenses personally, without expectation of reimbursement from ISU. Recognition of personal events for donors or other external constituents may, in unique situations, such as the birthday of a major donor, be an appropriate expense from agency or general support Foundation funds.

Personal use items are not reimbursable except when allowed from agency funds. Examples of personal use items include parking permits, and bus passes for commuting. Insect repellent or sunscreen are not reimbursable for an individual, although a department that requires its employees to do fieldwork could purchase these items for distribution by the department.

Printing and photocopying done off-campus are only allowable while in travel status, for after-hours emergencies, or for printing that cannot be performed by on-campus sources.

Spousal/Significant other attendance - Meal expenses for an employee's spouse or significant other usually are not allowable. See exceptions below. Expenses of this nature should not be charged to sponsored programs funding.

1. When the interviewee's spouse (or significant other) also is attending the interview meal.
2. When the employee is being recognized at a staff recognition function, attendance of a spouse (or significant other) is generally permitted.
3. When meeting with a donor couple, the ISU employee may bring a spouse (or significant other).
4. When attending a fundraising event, sometimes it is expected that employees' spouses (or significant others) attend.

The travel and associated meal expenses of spouses/significant others/other family members would not be an allowable expense unless a business purpose (e.g., moving or house-hunting) exists and/or specific administrative approval has been received to include those individuals.

Token non-cash items which have a value of \$20.00 or less given to employees or students, such as during an employee morale or appreciation event, are allowable except on sponsored programs funding. Token non-cash items can also be given to research participants.

Please note it is the responsibility of the college and/or department to assure that the authorization or expense conforms to university policy as well as with any other sponsoring agency policies. The examples provided in the section above are not all

inclusive. Questions regarding Allowability and Appropriateness should be forwarded to the Controller's Department.

Frequently Asked Questions:

1. Q: What are some examples of allowable milestone recognition?

*A: Employee recognition should be related to achievements related to their job. For a graduate student, it might be recognition for a presentation of their research project related to employment in a lab. Graduation would not be included in that category. **A graduation gift is for a personal accomplishment and should be a personal expense not paid for by the university.** Token incentives should only be used for research participants and graduation gifts would not fall under that.*

2. Q: Are meals, gift cards for meals, or delivered meals allowed for virtual conferences?

A: Since attendees for virtual conferences are not in travel status, providing a meal or a gift card for a meal is unallowable as they are personal in nature.

3. Q: Can per diem be claimed while attending a virtual conference or virtual interview?

A: As no travel is involved there are no expenses that are business related. Per diems cannot be claimed as expense when it would result in personal gain.

4. Q: Gifts to employees – are they allowed?

A: An incidental gift in the form of a gift card for \$20 or less can be given to an employee with the business purpose of employee morale and only from a vending agency fund (IRT1092). Since a gift card is a cash-equivalent, a Property Receipt form would be required for the gift. A receipt would not be required for a non-cash gift of \$20 or less.

Allowability & Appropriateness for Gifts				
Gift Cards are cash equivalents. Property receipt forms are always required for cash and cash equivalents.				
Gift Purpose (Gifts include cash, gift cards, gift certificates, flowers, plaques)	Funding Restriction	Property Receipt Form Required?	Tax Reporting Required if for \$100.00 or more?	Remedy if Already Charged or Reimbursed
Donation - for a Charitable Contribution	Only allowable on agency funds	No	No	Move the charge to a agency account
Donation - In Support of a Conference, or for Advertising	Allowable on all funds except Sponsored Programs funds	No	Only if to a for-profit enterprise	Move the charge to a non-Sponsored Programs account
Door Prizes *, Poster Prizes, Trophies, Raffles (Given to Students, Employees or Non-employees)	Allowable on all funds except Sponsored Programs funds * Employee morale event door prizes are only allowable from agency funds.	Yes, if more than \$20.00.	Yes	Move the charge to a non-Sponsored Programs account
Employee Baby Showers, Birthdays, Holidays, Weddings, and Wedding Anniversaries	Not allowable from any funding source	N/A	N/A	Charge back to employee who incurred the charge
Illnesses or Hospitalizations - Employees	Only allowable on agency or General Support foundation funds	No	No	Move the charge to an agency or foundation account
International Visitors	Allowable on all funds except Sponsored Programs funds	No	No	Move the charge to a non-Sponsored Programs account
Memorials - Employees, Immediate Family, or Key Constituents (e.g., Donors)	Only allowable on agency or General Support Foundation funds	No	No	Move the charge to an agency or foundation account
Employee Achievement (full-time employees)	Allowable on all funds except Sponsored Programs funds	Only if cash or gift card \geq \$100	Yes	Move the charge to a non-Sponsored Programs account
Milestone Recognition - Retirement or Going-Away Event – to full-time employees	Allowable on all funds except Sponsored Programs funds	Only if cash or gift card \geq \$100	Yes	Move the charge to a non-Sponsored Programs account
Services Provided (In Lieu of Payment by Check)	Allowable if \$20.00 or less per recipient as a token non-cash item. Not allowable from any funding source if the item is more than \$20.00 per recipient.	N/A	N/A	Charge back to employee who incurred the charge or move the charge to an agency, foundation, discretionary or incentive funding source.
To Donors	Only allowable on agency or General Support Foundation funds	No	No	Move the charge to an agency or foundation account
Token Incentives (non-cash) to Research Participants (Value of \$20.00 or less)	Allowable on all funding sources.	No	N/A	N/A
Token Non-Cash Items to Employees or Students (Value of \$20.00 or less)	Allowable on all funds except Sponsored Programs funds	No	N/A	Move the charge to a non-Sponsored Programs account

COST CONSIDERATIONS FOR SPONSORED PROGRAMS
SUBJECT TO A-21 OR UNIFORM GUIDANCE
(Federal or Federal Flow-through Accounts)

The Office of Management and Budget (OMB) is responsible for publishing costing principles applicable to federal funding. OMB Circular **A-21** establishes principles for determining costs applicable to federal grants, contracts, and other agreements with educational institutions. OMB has relocated Circular A-21 to Title 2 in the Code of Federal Regulations (2 CFR), subtitle A, chapter II, part 220. The Circular in its entirety can be obtained from the following website:

<http://www.whitehouse.gov/omb/circulars/>

Federally sourced agreements awarded or incrementally funded on or after December 26, 2014 are subject to **Uniform Guidance** (2 CFR 200). OMB has combined circulars A-21, A-110 and A-133 into a single section of the Federal Register referred to as Uniform Guidance which can be found at

http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

It is the responsibility of the department or research administrative unit to determine whether or not expenditures per Federal Guidelines are reasonable, allocable, and allowable based on the following standards.

REASONABLE COSTS:

A cost may be considered reasonable if the nature of the goods or services acquired, and the amount involved, reflect the action that a prudent person would have taken under the circumstances at the time the decision to incur the cost was made. Major considerations involve determining:

- 1) Whether a cost is the type generally recognized as ordinary and necessary for the operation of the institution or for the proper and efficient performance of the sponsored agreement.
- 2) Does the expense meet the restraints/requirements imposed by federal and state laws and regulations, such as arm's-length bargaining and conflict of interest, as well as the sponsored agreement terms and conditions?
- 3) Were market prices for comparable goods or services for the geographic area considered?
- 4) Did the individuals administering the funds act with prudence, considering their responsibilities to the government, public, institution, employees and students?
- 5) Are the expenses consistent with established ISU policies and practices?

ALLOCABLE COSTS:

A cost is allocable to a sponsored agreement if the goods or services involved can be charged or assigned based on relative benefits received or some other equitable relationship. Subject to this, a cost is allocable if:

- 1) It is incurred solely to advance the work under the sponsored agreement;
- 2) It benefits both the sponsored agreement and other work of the institution, in proportions that can be approximated through use of reasonable methods; and
- 3) It is necessary to the overall operation of the institution and it is deemed to be assignable in part to sponsored projects.
- 4) Any costs allocable to other activities may not be shifted to Federally-sponsored agreements.

LIMITATIONS ON ALLOWANCE OF COSTS:

Costs must conform to limitations or exclusions set forth in A-21/UG or the sponsored agreement. When the maximum amount allowable under a sponsored agreement is less than the total amount allowable in accordance with the principles in A-21/UG, the amount that is not recoverable may not be charged to other sponsored agreements.

CONSISTENT APPLICATION:

Costs must be treated consistently in like circumstances under generally accepted accounting principles. This means that all costs incurred for the same purpose, in like circumstances, must be treated as either a direct cost only or as an F&A (indirect) cost only.

ISU Sponsored Programs Costing Policies have been developed to ensure university-wide compliance with A-21 and Uniform Guidance. These policies can be found at <http://www.controller.iastate.edu/spa/isucostingpolicy.html>

Costs incurred on Federal awards should be adequately documented.

When seeking guidance from the sponsor on issues of allowability, it is the Grants Official that will be contacted by SPA. In most instances, Program Officials are not authorized to make administrative decisions regarding a grant.

EXPENDITURE ALLOWABILITY FOR SPONSORED PROGRAMS SUBJECT TO OMB Circular A-21/UG (Federal or Federal Flow-through Projects)

ADVERTISING COSTS: The term advertising costs means the costs of advertising media and associated administrative costs. Advertising media include magazines, newspapers, radio and television programs, direct mail, exhibits, and the like.

The only allowable advertising costs are those which are solely for the following items: 1) The recruitment of personnel required for the performance of a Federal award; 2) The procurement of goods or services for the performance of a Federal award; 3) The disposal of scrap or surplus materials acquired in the performance of the Federal award except when institutions are reimbursed for disposal costs at a predetermined amount; or 4) Other specific purposes necessary to meet the requirements of the Federal award.

Unallowable advertising costs include the following: 1) Costs of ceremonial assemblies or other events related to instruction or other institutional activities; 2) Costs of promotional items and memorabilia; and 3) Costs of advertising designed solely to promote the institution.

ALCOHOLIC BEVERAGES: Costs of alcoholic beverages are unallowable.

COMMUNICATION COSTS: Recurring line charges (local service) are generally unallowable on sponsored projects as they are considered part of F&A (indirect) costs. They are allowable only if specifically justified in the budget as a situation where the line is dedicated to the specific project because of the nature of the work, i.e. telephone surveying, center grant that includes an administrative component, etc. Long distance, fax, and telegraph charges are allowable where they can be identified with a specific project.

COMPENSATION: Compensation for personal services covers all amounts paid currently or accrued by the institution for services of employees rendered during the period of performance under sponsored agreements. Such amounts include salaries, wages, and fringe benefits. These costs are allowable to the extent that the total compensation to individual employees conforms to the established policies of the institution, is consistently applied, and provided that the charges for work performed relates directly to sponsored agreements.

The distribution of salaries and wages, whether treated as direct or F&A (indirect) costs, will be based on payrolls documented in accordance with generally accepted practices of colleges and universities. The apportionment of an employee's salary and/or and wages which is chargeable to more than one sponsored agreement or other cost objective will be supported by methods that will produce an equitable distribution of charges for an employee's activities and distinguish the employee's direct cost activities from the F&A (indirect) cost activities. A-21 and UG recognize that teaching, research, service and administration are often intermingled in an

academic setting. A precise assessment of factors that contribute to costs is not always feasible, nor expected. Reliance, therefore, is placed on estimates in which a degree of tolerance is appropriate.

Salary rates for an academic year for faculty members with work performed on sponsored agreements will be based on the individual faculty member's regular compensation for the continuous period. Charges for work performed on sponsored agreements during all or any portion of such period are allowable at the base salary rate. In no event will charges to sponsored agreements exceed the proportionate share of the base salary for that period. Consultation services provided by faculty are allowed if it is above and beyond regular departmental load. These charges for overload pay above base salary need to be specifically provided for in the agreement or approved in writing by the sponsoring agency.

Salary rates for faculty members for services provided outside the academic year (summer months) will reflect the employee's base salary for that period. Example: A faculty member earns \$63,000 per year. $\$63,000 / 9 \text{ months} = \$7,000 \text{ per month}$. During the summer months the maximum amount of compensation for this employee would be \$21,000 ($\$7,000 \times 3 \text{ months}$).

Salaries and expenses of Deans of faculty and graduate schools and their staff are unallowable as they are included in F&A (indirect) costs. Salaries of administrative and clerical staff should usually be treated as F&A (indirect) costs and are not allowable as direct charges on sponsored awards. However, direct charging may be appropriate where the nature of the work requires an extensive amount of administrative or clerical support which is significantly greater than the routine level of services provided by academic departments. Refer to Section V of the Sponsored Programs Costing Policy for ISU guidelines.

Some examples of circumstances where direct charging the salaries of administrative or clerical staff may be appropriate **under A-21** are as follows:

- Large, complex programs, such as General Clinical Research Centers, program projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions.
- Projects that involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting, such as epidemiological studies, clinical trials, and retrospective clinical records studies.
- Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars.
- Projects where the principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports).

- Projects that are geographically inaccessible to normal departmental administrative services, such as seagoing research vessels, radio astronomy projects, and other research field sites that are remote from the campus.
- Individual projects requiring significant amounts of project-specific database management; individualized graphics or manuscript preparation; human or animal protocol, IRB preparations and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.

Direct charging the salaries of administrative or clerical staff may be appropriate **under Uniform Guidance** if all of the following conditions are met and justification of the proposed costs have been included in the proposal's budget justification:

- Administrative or clerical services are integral to a project or activity;
- Individuals involved can be specifically identified with the project or activity;
- Such costs are explicitly included in the proposal budget and justification or have the prior written approval of the Federal awarding agency; and
- An administrative effort of at least 15 percent FTE is required to complete the specific and distinctive requirements of a particular grant, cooperative agreement or contract.

Fringe benefits in the form of regular compensation paid to employees during periods of authorized absences from the job, such as annual leave, sick leave and military leave are allowable, provided such costs are distributed to all institutional activities based on the employee's efforts.

CONTRIBUTIONS AND DONATIONS: Donations or contributions are not allowable charges to sponsored programs, regardless of the recipient.

However, with proper documentation, the value of donated services or property may be used to meet cost sharing or matching requirements.

ENTERTAINMENT COSTS: Costs of entertainment are unallowable. On rare occasions, specific costs that might otherwise be considered entertainment but have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the awarding agency may be allowed.

EQUIPMENT AND CAPITAL EXPENDITURES: Equipment means nonexpendable tangible personal property having a useful life of one or more years and an acquisition cost of \$5,000 or more. Capital expenditures mean the cost of the asset including the cost to put it in place. For example, attachments, accessories, freight, transit insurance, etc. would be included as part of the cost of equipment. Special purpose equipment means equipment which is used ONLY for research, medical, scientific, or other technical activities. General purpose equipment means equipment which is not limited to these purposes, such as office furnishings, copiers and computers. Special purpose equipment items are allowable if approved by the

sponsoring agency. General purpose equipment items are unallowable, except where approved in advance by the sponsoring agency. If not approved, they are unallowable.

FINES AND PENALTIES: Costs resulting from violations of Federal, State, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the sponsored agreement, or with prior written approval from the sponsoring agency.

GOODS OR SERVICES FOR PERSONAL USE: Costs of goods or services for personal use by the institution's employees are unallowable, regardless of whether the cost is reported as taxable income to the employee.

INSURANCE: Costs of insurance required by or approved in the sponsored agreement are allowable. However, costs of insurance against defects in materials or workmanship are unallowable.

INTEREST: Costs incurred for interest on borrowed capital are unallowable. Financing costs for capital assets are allowable subject to restrictions.

INTELLECTUAL PROPERTY/PATENT COSTS: Costs associated with the preparation of disclosures, reports or other documents required by the sponsored agreement are allowable.

Costs of searches necessary to make invention disclosures required by the sponsored agreement are allowable.

LOBBYING COSTS: Lobbying costs are unallowable.

LOSSES ON OTHER SPONSORED AGREEMENTS OR CONTRACTS: Cost overruns cannot be transferred to sponsored projects.

MAINTENANCE AND REPAIR COSTS: Costs necessary to keep properties in an efficient operating condition are allowable.

MEMBERSHIPS, SUBSCRIPTIONS AND PROFESSIONAL ACTIVITY COSTS: Costs of membership in business, technical, and professional organizations are allowable only when the benefits are vital to the sponsored project.

Costs of subscriptions to business, professional, and technical periodicals are allowable only when the information is vital to the project.

Costs of meetings and conferences are allowable only where the primary purpose is the dissemination of technical information related to sponsored research. This includes meals, transportation, rental of facilities, and other incidental items.

Costs of membership in any civic or community organization are generally unallowable. Country club, dining club, or social organization memberships are unallowable.

PARTICIPANT SUPPORT COSTS: Participant Support Costs are allowable with the prior approval of the Federal awarding agency. These costs are not the same as payments to research participants. Participant Support Costs are direct costs paid to or on behalf of participants or trainees, who are not ISU employees, for their participation in meetings, conferences, symposia, workshops or other training projects.

PLANT SECURITY COSTS: Costs incurred for routine security to protect facilities, personnel and work products are allowable, including wages, uniforms, and equipment.

PRE-AWARD COSTS: Pre-award costs are defined as those costs incurred before the effective date of the Federal award, normally up to 90 days before the start date. These costs are unallowable unless approved by the sponsoring agency or, if the sponsor allows, authorized by the ISU Office of Sponsored Programs Administration (OSPA).

PROFESSIONAL SERVICE COSTS: Costs of professional and consulting services, including legal services (per A-21/UG limitations) rendered by the members of a particular profession who are not employees of the institution, are allowable, when reasonable in relation to the services rendered.

PROPOSAL COSTS: Costs incurred in the preparation of bids or proposals for sponsored agreements are unallowable as direct costs. This includes the cost of developing data necessary to support the bid or proposal.

PUBLIC RELATIONS COSTS: The term public relations means those activities dedicated to maintaining the image of the institution or promoting favorable relations with the community or public at large.

The only allowable public relations costs are the following: 1) Costs specifically required by sponsored agreements; 2) Costs of communicating with the public and press pertaining to specific activities or accomplishments which result from performance of sponsored agreements; or 3) Costs of conducting general liaison with news media and government public relations officers, to the extent that such activities are limited to communication and liaison necessary to keep the public informed on matters of public concern, such as notices of funding opportunities, financial matters, etc.

Unallowable public relations costs are the same as unallowable advertising costs: 1) Costs of ceremonial assemblies; 2) Costs of promotional items; or 3) Costs of public relations designed solely to promote the institution.

REARRANGEMENT AND ALTERATION COSTS: Ordinary alteration and rearrangement of facilities are unallowable as direct costs. Special arrangement and alteration costs incurred specifically for the project are allowable when such work has been approved in advance by the sponsoring agency.

RECONVERSION COSTS: Costs necessary to restore the institution's facilities to approximately the same condition existing immediately prior to commencement of a sponsored agreement are allowable, with the exception of normal wear and tear.

RECRUITING COSTS: Costs of "help wanted" advertising, travel costs of employees while engaged in recruiting personnel, travel costs of applicants for interviews for prospective employment, and relocation costs incurred incident to recruitment of new employees are allowable. Where the institution uses employment agencies, costs not in excess of standard commercial rates for such services are allowable.

Costs of help wanted advertising that do not meet the test of reasonableness or do not conform to the established practices of the institution, are unallowable. Costs of special fees, perks, fringe benefits, and salary allowances incurred to attract professional personnel from other institutions that do not meet the test of reasonableness or do not conform to the established practices of the institution, are unallowable. When relocation costs incurred incident to the recruitment of a new employee have been allowed and the newly hired employee resigns for reasons within his/her control within 12 months after hire, the institution will be required to refund or credit such relocation costs to the sponsoring agency.

RENTAL COST OF REAL PROPERTY AND EQUIPMENT: Rental costs of buildings and equipment are allowable to the extent that both the decision to rent or lease and the rates charged are reasonable. Rental costs are allowable in "sale and lease back" arrangements only up to the amount that would be allowed had the institution continued to own the property. Rental of property owned by parties affiliated with the institution for purposes such as the home office workspace is unallowable.

ROYALTIES: Royalties and other costs for the use of patents, if necessary for the performance of the sponsored agreement, are allowable. These costs are unallowable when the Federal Government has the right or license to free use of the patent, or the patent is invalid, unenforceable, or has expired.

SABBATICAL LEAVE COSTS: Costs of leave of absence by employees for performance of graduate work or sabbatical study, travel, or research are allowable within institutional guidelines if approved by the sponsor. These costs must be allocated on an equitable basis to all institutional activities.

SCHOLARSHIPS, FELLOWSHIPS AND STUDENT AID COSTS: These costs are allowable only when the purpose of the sponsored agreement is to provide training to selected participants AND the charge is approved by the sponsoring agency. However, tuition remission paid as, or in lieu of, wages to students performing necessary work are allowable provided that: 1) the individual is conducting activities

necessary to the sponsored agreement, 2) tuition remission is provided in accordance with established institutional policy and is consistently provided in a like manner to students 3) during the academic period, the student is enrolled in an advanced degree program and the project activities of the student are related to the degree program, 4) tuition payments are reasonable compensation for the work performed; and 5) it is the institution's practice to similarly compensate students in non-sponsored as well as sponsored activities.

Note: Various federal programs do not allow direct charging of tuition.

SELLING AND MARKETING COSTS: Costs of selling or marketing any products or services of the institution are unallowable unless prior approval has been provided by the Federal awarding agency.

SEVERANCE: Severance pay is compensation in addition to regular salary and wages which are paid by an institution to employees whose services are being terminated. Costs of severance pay are allowable only to the extent that these payments are required by law, by employer-employee agreement, by established policy that constitutes in effect an implied agreement on the institution's part, or by circumstances of the particular employment. Costs incurred in excess of the institution's normal severance pay policy are unallowable.

SPECIALIZED SERVICE FACILITIES: The cost of institutional services involving the use of highly complex or specialized facilities, such as computing facilities, wind tunnels, etc., are allowable provided the cost is based on actual use of the services and the rate schedule does not discriminate between federally and non-federally supported activities, including use for internal purposes.

STUDENT ACTIVITY COSTS: Costs of intramural activities, student publications, student clubs, and other student activities are unallowable, unless specifically provided for in the Federal award.

SUPPLY AND MATERIAL COSTS: Costs incurred for materials, supplies, and fabricated parts directly related to the sponsored agreement are allowable. Administrative support costs, such as office supplies (copy paper, envelopes, message pads, pencils, pens, scissors, staplers, etc.) and postage, should not be direct charged and are treated as F&A (indirect) costs unless unlike circumstances exist and is documented. Direct material costs should include only the materials and/or supplies actually used for the performance of the sponsored agreement. Due credit should be given for any excess materials retained or returned to vendors. Due credit should also be given for all proceeds or value received for any scrap resulting from work under the sponsored agreement. Where government-donated or furnished materials are used in performing the sponsored agreement, such material will be used without charge. For agreements under A-21, computing devices (less than \$5,000) must be used solely (100%) on project related activities to be allowable. For agreements under UG, computing devices (less than \$5,000) that are essential, but not solely dedicated to the award, are allowable so long as they can be properly allocated.

TERMINATION COSTS: Termination costs are defined as the costs associated with the termination of a sponsored agreement before the completion date. Termination should not be confused with normal close-out procedures. Termination can occur when the grantee fails to comply with the terms and conditions of an award. Notification of termination by the granting agency cancels the remaining portion of the project prior to the date of completion.

Costs which cannot be discontinued immediately after the effective date of termination, despite all reasonable efforts by the institution, are generally allowable.

Settlement costs, including termination and settlement of subagreements, are generally allowable.

The costs of common items of material that are reasonably usable on other work are unallowable, unless the institution submits evidence that it could not retain such items at cost without sustaining a loss.

TRANSPORTATION COSTS: Transportation costs for freight, express, postage or other transportation services relating to goods purchased, in process, or delivered are allowable.

TRAVEL COSTS: Travel costs are defined as expenses for transportation, lodging, subsistence and related items incurred by employees in travel status. These costs include travel incurred for the performance of the sponsored project. It also includes costs of meetings and conferences where the primary purpose is the dissemination of technical information related to the project and are necessary and reasonable for successful performance under the award. Travel costs incurred must provide benefit to the sponsored project.

There are various methods which may be used: actual charges, per diem or mileage basis in lieu of actual costs, or a combination of the two. The same method must be applied to an entire trip. The method used must be allowed by ISU's travel policy and practices. ISU subjects itself to the Federal Travel Regulations for foreign travel.

Airfare costs in excess of the lowest available commercial discount airfare or customary standard (coach) airfare are generally unallowable. However, the institution can justify airfare costs in excess of the lowest airfare when use of the lowest airfare would; require circuitous routing; require travel during unreasonable hours; excessively prolong travel; result in cost that would offset transportation savings; or not meet the medical needs of the traveler. In order for the higher airfare costs to be allowable, each exception must be justified and documented on a case by case basis.

Costs of travel by institutional aircraft cannot exceed the cost of allowable commercial air travel.

In addition to A-21 and the UG, all federal awards are subject to the Fly American Act. This act mandates that US Flag Carriers be utilized for foreign airfare charged to federal programs.

NOTE: The above list is not all inclusive.

SOURCES: *OMB Circular A-21 (Cost Principles for Educational Institutions)*
Dated 5/10/2004
OMB Uniform Guidance 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) Dated 12/26/13

MEETINGS & CONFERENCES

When a federal sponsor issues sponsored funding (in whole or in part) to ISU to conduct a meeting or conference, there are multiple issues to be aware of. If the grant involves registration fees, these fees will be considered program income and must be handled according to the award terms.

If any expenses for the conference would be deemed unallowable per federal guidelines (entertainment, alcohol), those items should be listed separately on the registration form as an optional fee for payment. These unallowable expenses should be held in a separate account from the federal account established and may not be paid for from the grant or from any related program income generated.

Agencies may also have specific guidelines related to Meetings & Conferences:

National Science Foundation – NSF will insert FL-26 as a special term for awards with funding for meetings & conferences. FL-26 prescribes that program income may be added to the funds committed to the project by NSF if stated in the approved budget, funds in excess of those budgeted will be treated with the deductive method. At termination, any unspent funds must be returned to the sponsor. Within NSF's Policies & Procedures Guide, it is stated that meeting and conference costs are only allowable if such costs are specifically and clearly identified in the proposed scope of work and budget.

Meals and coffee breaks are allowable only when they are an integral and necessary part of a conference (e.g., working meals where business is transacted).

National Institutes of Health – Direct charges for meals/food and beverages are unallowable on NIH grants where the primary purpose is to support a scientific meeting or conference.

**EXPENDITURE ALLOWABILITY CHART
FOR SPONSORED PROJECTS SUBJECT TO A-21 & UG**

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
Advertising Costs			
Recruitment of personnel	X		
Procurement of goods and services	X		
Ceremonial assemblies		X	
Promotional items		X	
Designed solely to promote institution		X	
Alcoholic Beverages		X	
Communication Costs			
Recurring line charges			
Generally		X	
Long distance, fax and telegraph	X		
Compensation			
Salaries, Wages and Benefits			
Administrative and clerical staff			
Generally		X	
Specified in sponsored agreement	X		
Directly related technical personnel	X		
Deans of faculty and graduate schools		X	
Overload pay for consultation services			
Generally		X	
Specified in sponsored agreement	X		
Sabbatical leave			X
Vacation payouts - proportional share	X		
Donations/Contributions		X	
Entertainment		X	
Equipment/Other Capital Expenditures			X
Fines and Penalties			
Generally		X	
Specified in sponsored agreement	X		

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
Fundraising Costs		X	
Goods and Services for Personal Use		X	
Insurance			
Generally			X
Against defects of materials or workmanship		X	
Interest			
Generally		X	
Related to capital assets			X
Lobbying Costs		X	
Losses on Other Sponsored Agreements		X	
Maintenance and Repair Costs	X		
Memberships, Subscriptions, and Professional Activities			
Business, technical and professional organizations, if vital to the project	X		
Business, technical and professional periodicals, if vital to the project and not available elsewhere, i.e. library	X		
Meetings and conferences -primary purpose must be dissemination of technical information	X		
Civic or community organizations		X	
Country club, social or dining clubs/organizations		X	
Patent Costs	X		
Plant Security Costs	X		
Pre-award Costs			
Generally		X	
Prior approval by sponsor or delegated authority	X		
Professional Service Costs	X		
Proposal Costs		X	

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
Public Relations Costs			
Specifically required by the sponsored agreement	X		
Communicating with public and press about performance results of the sponsored project	X		
Conducting general liaison with news media and government public relations officers	X		
Ceremonial assemblies		X	
Promotional items		X	
Designed solely to promote the institution		X	
Rearrangement and Alteration Costs			
Ordinary rearrangement/alteration as direct costs		X	
Special rearrangement/alteration specifically for the project			X
Recruiting Costs			
Generally	X		
Publication costs of help wanted advertising which are not reasonable or do not conform to ISU practices (excess size, color, etc.)		X	
Rental Costs of Property/Equipment			
Generally	X		
Royalties and Other Costs for Use of Patents			
Necessary for performance of agreement	X		
Federal Government has right to free use patent		X	
Patent is invalid		X	
Patent is unenforceable or expired		X	
Scholarships, Fellowships and Student Aid			
Purpose of sponsored agreement is to provide training	X		
Tuition remission, must be allowable by sponsor	X		
Selling and Marketing Costs			
Generally		X	
Specialized Service Facilities			
Generally	X		
Student Activity Costs			
Generally		X	
Specified in sponsored agreement	X		

EXPENDITURE TYPE	ALLOWABLE	UNALLOWABLE	PER THE AGREEMENT
Supply and Material Costs			
Directly Related	X		
Administrative (such as office supplies)			
Generally		X	
Termination Costs			
Settlement costs	X		
Costs which can't be discontinued immediately	X		
Items that would be usable on other work		X	
Costs incurred after termination date		X	
Transportation Costs for Goods			
	X		
Travel Costs			
Subject to restrictions	X		

NOTE:

*To be allowable, costs must be necessary, reasonable, and allocable to a sponsored agreement.

*This list is not all inclusive.

*More restrictive contract terms would supersede these guidelines.

Source: OMB Circular No. A-21 (Cost Principles for Educational Institutions)
 OMB Uniform Guidance 2 CFR 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)