

ALLOWABILITY & APPROPRIATENESS

HOW TO KNOW IF EXPENSES ARE ALLOWABLE ON SPONSORED PROGRAMS FUNDING

Iowa State University
Sponsored Programs Accounting

Updated April 2025

Decision Tree on Allowability Manual Usage for Compliance Accounting or Sponsored Programs Accounting

When determining which Allowability and Appropriateness manual applies, look at the funding source supporting the expense.

The funding source can be determined by looking at the driver worktag the expense is being charged to.

Available driver worktags:

PG = Program

SG = Spendable Gift

PJ = Project

GR = Grant/Award

If the driver worktag start with a PG, SG or PJ:

Use the Allowability and Appropriateness manual for Compliance Accounting

If the driver worktag start with a GR:

Use this manual, Allowability and Appropriateness manual for Sponsored Programs Accounting.

COST CONSIDERATIONS FOR SPONSORED PROGRAMS SUBJECT TO UNIFORM GUIDANCE (UG) **(Federal or Federal Flow-through Accounts)**

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 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 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 Procedures have been developed to ensure university-wide compliance, these procedures can be found at <https://www.controller.iastate.edu/sponsored-programs-accounting>

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, such as questions regarding allowability, changes in scope, etc.

DEFINITIONS

ALLOWABLE expenditures **CAN be charged when:**

- Has an ISU business purpose
- 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.

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.
- 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.

ADEQUATE DOCUMENTATION – It is not possible to determine the allowability and appropriateness of an expense unless adequate documentation exists.

Costs incurred on Federal awards should be adequately documented.

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.

EXPENDITURE ALLOWABILITY FOR SPONSORED PROGRAMS SUBJECT TO 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 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. 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 x 3 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.

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.

COMPUTER PURCHASES: Computing devices may be direct charged to the project or activity under the following circumstances:

- The computing devices are essential and allocable to the project in that they are necessary to acquire, store, analyze, process, and publish data and other information electronically, including accessories (or "peripherals") for printing, transmitting and receiving, or storing electronic information.
- The cost does not exceed the equipment capitalization threshold (currently \$5,000). Computing devices with a unit cost under \$5,000 are considered a supply item.
- A justification and explanation of how the computing device is essential to the project is provided in the proposal budget or documented prior to acquisition.
- The cost of computing devices are allocated using the proportionate benefit rule and the cost allocation is documented in the proposal budget or prior to acquisition.
- Items costing \$5,000 or more per unit are considered equipment and must follow the federal regulations for equipment.

CONFERENCES: 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.

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.

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 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 in accordance with the applicable Federal Guidelines. 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 (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: Travel costs of employees while engaged in recruiting personnel and travel costs of applicants for interviews for prospective employment are unallowable. Costs of "help wanted" advertising are allowable if the expense is properly allocated, meets the reasonableness test, and conforms to established practices of the university. Where the institution uses employment agencies, costs for such services are allowable. Recruiting costs must directly benefit the award.

RELOCATION/MOVING EXPENSES: Relocation costs incurred incident to the recruitment of new employees are unallowable. This includes travel costs of applicants for interviews for prospective employment and relocation costs incurred incident to recruitment of new employees.

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.

SHORT-TERM VISA COSTS Short-term, travel visa costs issued for a specific period and purpose may be direct charged to the project or activity under the following circumstances:

- The travel is critical and necessary for the conduct of the project
- The short-term visa costs are considered an allowable cost by the agency

Long-term, immigration visa costs are not allowable as a direct cost.

SOFTWARE: All software purchases must follow ISU procedures on IT approved vendors for software purchases.

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. 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 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.

EXPENDITURE ALLOWABILITY CHART FOR SPONSORED PROJECTS SUBJECT TO UNIFORM GUIDANCE

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	X	X	
Generally			
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	
Relocation/Moving Expenses		X	
Rental Costs of Property/Equipment	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		X	
Specialized Service Facilities	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.

SOURCES: OMB Uniform Guidance 2 CFR 200

(Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards)

Document Changes & Amendments

April 2025 Updates

- Added Computer Purchases (formerly in SPOT Manual)
- Added Short Term Visa Costs (formerly described in PI Costing Guide)