FLORIDA INSTITUTE OF TECHNOLOGY
POLICY ON
UNALLOWABLE COSTS TO GRANTS

Purpose: The purpose of this policy is to first prevent unallowable expenditures to be charged to a grant and to second to ensure those expenditures are removed from the grant as soon as discovered should one occur.

The Process: The following steps will be taken to prevent unallowable expenditures to be charged to a grant:

1. Faculty will be required to review this policy upon receiving each new grant.
2. OSP will be responsible for reviewing every charge that comes through OSP. OSP will take immediate action if a charge is questionable and may request more information from the PI pertaining to the charge.
3. OSP will review the grant’s terms and conditions.
4. OSP will review the grant to see if the budget is line item specific and that funds are budgeted for the expense.
5. OSP will review the list of unallowable expenditures in OMB A-21.
6. Purchasing cards will be reviewed by the PI for accuracy, receipts will be attached to the bank statement, each Department will ensure the bank statement is reconciled, the statement will be signed by the PI and his/her supervisor. The purchasing department will forward a list of all purchases made on purchasing cards to the Vice Provost for Research for review.

Action to remove an unallowable expense:

1. OSP will contact the PI via e-mail. All members of the OSP team will be copied on the message to ensure everyone is up-to-date on grant issues.
2. The e-mail will contain the pertinent information identifying the grant, unallowable expense and the reason it is classified unallowable.
3. The PI will notify OSP where the charge will be moved to.
4. The PI's Department will prepare a journal voucher listing the grant, fund number, description, amount, account and a statement that this is an unallowable charge to a grant and it is being moved to a general fund. The general fund information will be listed and then the journal voucher is forwarded to OSP for approval. OSP will then forward it to the Controller's Office for final processing.

LIST OF UNALLOWABLE COSTS

The following costs, either direct or facilities and administration costs are unallowable on federal grants and contracts unless specifically approved in such grant or contract. For a more detailed explanation, please contact the Grants and Contracts Office. The source of this list of unallowable costs, and of most federal cost principles with regard to College and University management of federal funds is Federal Office of Management and Budget Circular A-21, which is electronically accessible via the World Wide Web. The Web site for OMB Circular A-21, is: http://www.whitehouse.gov/omb/circulars/a021/a021.html

Advertising

Public Relations Costs
Alcohol

Alumni Activity Costs
Bad Debts

Local Civil Defense Project Costs not on Institution's Premises Commencement and Convocation Costs

Institution Furnished Automobile Costs for Personal Use

Contingency Provision Costs

Defense and Prosecution of Criminal and Civil Proceedings, Claims, Appeals and Patent Infringement Costs

Depreciation Reserves Costs

Donations or Contributions

Entertainment Costs (includes amusement, diversion & social activities) Executive Lobbying Costs

Fines and Penalties (including late fees)
Goods and Services for Personal Use
Housing and Personal Living Costs

Insurance Costs to Protect against Defects in Institution's Materials or Workmanship

Interest, Fund-Raising and Investment Management Costs
Lobbying Costs

Losses on Other Sponsored Agreements

Membership Costs in Civic Clubs, Community Organizations, Country Clubs, Social or Dining Clubs or Organizations

Pre-agreement Costs Prior to Effective Date of Agreement
Recruiting Costs for Help-Wanted Advertising

Selling and Marketing Costs of Products or Services of the Institution

Severance Costs in Excess of Institution's Normal Severance Pay

Specialized Service Facilities Charges in an amount More than Aggregate Costs

of Service Over a Long-Term Period Student Activity Costs

Airfare Travel Costs in Excess of Lowest Available Commercial Discount Airfare

Or customary standard coach airfare.