



Boston College: OFFICE FOR SPONSORED PROGRAMS Allowable and Unallowable Costs Policy

Background

The Boston College Office for Sponsored Programs (OSP) provides administration and support for sponsored programs. Sponsored programs, or the term sponsored awards, may be used in this document interchangeably and mean any agreement, contract, project, or grant that is funded by a source other than Boston College. Activities related to sponsored programs must comply with the sponsor's terms and conditions, Boston College's policies and procedures, and Federal regulations including those from the Office of Management and Budget (OMB) such as OMB's 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").

Purpose

The purpose of this policy is to provide guidance for determining whether a cost is allowable or unallowable on a sponsored award.

Scope

This policy is applicable to all sponsored awards and **must** be followed by schools, departments, centers, institutes, and personnel of Boston College involved with sponsored awards

Effective Date

The effective date of this policy was December 26, 2014 and it was revised in March 2018 and August 2018.

Policy

It is the policy of Boston College that all costs charged to a sponsored program must comply with the sponsor's terms and conditions, Boston College's policies and procedures, and Federal regulations. When there is a conflict between Boston College policy and sponsor requirements, the more restrictive policy applies.

All costs directly charged to sponsored awards, regardless of funding source, must be:

- Allowable – the cost is in compliance with sponsor's terms and conditions and Boston College's policies
- Allocable – the cost can be associated to a project with a high degree of accuracy
- Reasonable – cost reflects what a prudent person would pay in a similar circumstance

Principal Investigators (PIs) and Department Research Administrators (DRAs) should ensure costs charged to a sponsored project are accurate and in accordance with the sponsor's terms and conditions, Boston College/OSP's policies and procedures, and any applicable Federal regulations

Direct costs are those costs that can be identified specifically with a particular Sponsored Award or that can be directly assigned to multiple Sponsored Awards relatively easily with a high degree of accuracy. Each cost must follow Federal guidelines and be: allowable, allocable, reasonable, and consistently treated. BC treats all like costs the same, whether they are benefitting a Federal award or a non-Federal funding source. There are certain expenses that may be unallowable as direct charges to federal awards that certain non-federal sponsors consider allowable. The terms and conditions of the specific award and / or the guidelines of the individual non-federal sponsor will prevail. In the absence of clear guidance from the individual sponsor, BC will follow OMB's Uniform Guidance allowability rules.

Typical allowable direct costs include:

- Salaries and Wages
- Fringe Benefits
- Subawards
- Lab Supplies and computing devices*
- Equipment
- Participant Support Costs

*In order to purchase a computing device on a sponsored award, the [OSP Information Technology Device Justification Questionnaire](#) is required to be completed and submitted to OSP **prior to** purchase. The OSP Information Technology Device Justification Questionnaire does not need to be completed if the computing device was clearly identified in the proposed/awarded budget. Please attach the detailed budget justification to the purchase documentation.

Below is a partial list of specific costs that have been identified as unallowable on Federal awards. At no time should unallowable costs be charged to a sponsored award. This list is not an all-inclusive list and for further details regarding the Federal requirements, please review the Uniform Guidance, General Provisions for Selected Items of Cost § 200.420 – 200.475.

- Advertising costs including promotional items and memorabilia e.g. models, gifts, and souvenirs (only specific types of advertising costs are allowable)
- Alcoholic beverages
- Alumni/ae activities
- Contributions and donations
- Entertainment
- Fines and penalties
- Fundraising
- Goods or services for personal use of employees
- Lobbying
- Moving costs if employee resigns within 12 months

- Salary costs in excess of employee's Boston College Institutional Base Salary.

Documentation is required to justify any expense charged to a sponsored award. The backup for expenditures should be adequate to support and justify that:

- The expense provides a direct benefit to the award
- The expense complies with any award restrictions and approval requirements outlined in the terms and conditions of the award

Special documentation is required under certain circumstances. Please refer to specific sections within this policy for individual requirements.

Documentation and justification must be maintained according to the sponsor's terms and conditions.

Procedures/Guidelines for Monitoring Sponsored Awards

Below are guidelines for monitoring costs/expenses on sponsored awards. Activities related to sponsored programs must comply with Boston College's policies and procedures, the sponsor's terms and conditions, and Federal regulations.

Regular monitoring of sponsored awards helps to:

- Confirm the availability of funds to complete the project;
- Ensure costs are consistent with the project schedule;
- Discover any errors in the budget, encumbrances or actual expenditures that need to be corrected;
- Avoid over-spending; and
- Verify cost transfers/labor redistributions have been completed in a timely manner.

PeopleSoft

Boston College has implemented the PeopleSoft Financials Commitment Control module which requires, for certain accounts, that budget funds be available in order to process a voucher, requisition, or expense report. This system control significantly minimizes the ability to overspend in these accounts.

Accounts which are not budget controlled by this module and are able to overrun are most salary accounts, fringe accounts, and the indirect cost account. Therefore, it is the responsibility of the award's PI(s) and DRA's to monitor these accounts more frequently.

Reports Available for Monitoring

Below are some of the available reports for monitoring activity on sponsored awards:

- BCGMR001 ACR Report – Budget /Accounting Comparison Report for Grants
- BCGMR006 Grant Balance Summary Report
- BCGMR004 TDR for Projects/Grants

Review and Approval of Expenses

One key factor in financial management is making sure that spending is in compliance with the sponsor's terms and conditions, Boston College's policies and procedures, and Federal regulations. To minimize risk of non-compliance all vouchers, expense reports and requisitions greater than or equal to \$1,000 of sponsored funding will workflow to OSP for review and approval prior to payment. In addition, on a monthly basis, OSP makes a selection of transaction to review after having been processed. OSP completes a post-review of a selection of transactions from Purchasing Card (P-Card) expenses, expense reimbursements (including travel and non-travel reimbursements), and vouchers.

Boston College is required to provide accurate, timely, and complete disclosure of the financial results of sponsored awards. Timely recording of transactions to awards is critically important, especially as an award's end date approaches, and Boston College must adhere to sponsor's terms and conditions.

Costs Allowable Under Special Circumstances:

Administrative and Clerical Costs

Salary costs of administrative and clerical staff should normally be treated as F&A (indirect) costs. Boston College's practice is that salaries associated with routine services such as preparing proposals, making routine travel arrangements and typing reports should not be charged as direct costs. However, direct charging of administrative and clerical salaries may be appropriate where the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support.

Boston College allows direct charging of administrative and clerical salaries when there is specific sponsor approval and/or if the administrative and clerical salaries were specifically budgeted (and approved) in the proposal. Boston College will **not** allow re-budgeting to administrative and clerical salaries otherwise.

Direct charging of administrative and clerical salaries may be appropriate if all the following conditions are met:

- (1) integral to a project or activity;

- (2) individuals can be specifically identified;
- (3) such costs are explicitly included in the budget or have prior written approval of the agency; and
- (4) the costs are not also recovered as F&A costs.

Cell Phones / Telephone Calls:

Cell phone expenses are usually considered “local telephone costs” and generally not included in the budget. If, however, a cell phone is necessary to maintain contact at remote sites for logistical or safety reasons it may be directly charged. Telephone lines are generally considered multi-purpose and not allowable as a direct cost. The cell phone and/or telephone line cost must be clearly identified in the proposed budget and approved by the sponsor to be considered allowable.

- If a cell phone is considered allowable one must adhere to the [Boston College Cell Phone Policy](#).
- Local telephone costs used to conduct routine business of the project may not be included in the budget and/or incurred on the project.
- Telephone lines including handsets and data lines may only be charged directly if required to:
 - Conduct surveys
 - Maintain contact with project activities conducted at remote locations

Long distance and/or international calls may be charged if the charge can be specifically identified and if the calls are related solely to the management of the project.

Pre-paid Costs

Pre-paid costs (costs requested by vendor to be paid in advance of delivery of goods or services) are not allowed to be directly charged to sponsored awards. However, there may be special circumstances that should be discussed with OSP, and upon its approval, the costs may be charged to an OSP holding account temporarily. If you are working with a vendor that requires pre-payment for all or a portion of the expense please discuss the expense with OSP **prior to** purchasing from or contracting with the vendor. After the goods or services have been evidenced as delivered, OSP will then re-classify the expense to the sponsored award.

Definitions

See [OSP's Definitions](#) and *Glossary of Terms*, as well as OMB's *Uniform Guidance*.

Contacts

If you have any questions about this policy, how to treat a specific cost, or need additional information, please contact the Office for Sponsored Programs main number at 617-552-3344 or directly contact your area's OSP Liaison ([OSP Staff](#)).