

# Policy and Procedure e

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## IDENTIFICATION AND TREATMENT OF UNALLOWABLE COSTS

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Origination Date: March 31, 2007  
Revision Date: June 1, 2016

Effective Date: March 31, 2007



## IDENTIFICATION AND TREATMENT OF UNALLOWABLE COSTS

- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
- (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
- (d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
- (e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- (f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also 200.306 Cost sharing or matching paragraph (b).
- (g) Be adequately documented. See also 200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.

**Reasonable Cost Test:** A cost may be considered reasonable if the nature and amount of the cost reflect actions that a prudent person would have taken under circumstances prevailing at the time. Among other factors, a reasonable cost is one generally recognized as necessary for the operation of the institution or the performance of the sponsored agreement, and is consistent with established institutional policies and practices applicable to the work of the institution generally, including sponsored agreements.

**Allocable Cost Test:** Among other factors, a cost is allocable to a sponsored agreement 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 the use of reasonable methods; or (3) it is necessary to the overall operation of the institution and, in light of the principles provided in the Uniform Guidance, is deemed to be assignable in part to sponsored projects.

### Unallowable Costs

In accordance with 48 CFR Part 9905.505, an unallowable cost is defined as any cost which, under the provisions of any pertinent law, regulation, or sponsored agreement cannot be included in prices, cost reimbursements, or settlements under the federally sponsored agreement to which it is allocable. A cost may be either expressly unallowable or unallowable because it relates to or is associated with unallowable activities (e.g. All costs associated with Office of Alumni Relations).

“Expressly unallowable” applies to any type of cost which, under the express provisions of an applicable law, regulation, or sponsored agreement is specifically named and stated to be unallowable. 2 CFR Part 200.420 - 200.475 establishes the allowability of selected costs. Attachment B of this policy statement lists and briefly describes the costs specifically deemed unallowable in 2 CFR Part 200.420 - 200.475.

### ODU/ODURF Reimbursement Policy vs. Federal Regulations

A cost determined to be appropriate under ODU/ODURF policies to be incurred directly or reimbursed may be unallowable as a direct or indirect charge to a federally or non-federally sponsored agreement. While the federal government or non-federal sponsor will not reimburse these costs, they may be entirely appropriate and permissible ODU/ODURF activities.



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Old Dominion University Research Foundation Board of Trustees

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### History/Revision Dates

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Revision Date: June 1, 2016 (Uniform Guidance effective December 26, 2014)

Revision Date: February 14, 2022 (Reviewed and Reaffirmed)

## IDENTIFICATION AND TREATMENT OF UNALLOWABLE COSTS

### Appendix A

#### Unallowable Expense Object Codes

The following expense object codes relate to federally unallowable costs and must always be used to facilitate compliance with federal regulations:

Description and Object Code Number

Advertising	<u>5514</u>
Bad Debt Expense	<u>5970</u>
Collection Fees	<u>5403</u>
Diplomas, Caps and Gowns	N/A
Entertainment	<u>5550</u>
Fines, Fees, and Penalties	<u>5580</u>
Lobbying	N/A
Alumni Activities	N/A
Officer's Life Insurance	N/A
Prizes and Awards	N/A
Publicity & Promotion	<u>5514</u>
Purchases for Resale	N/A
Special Events/Business Relations	<u>5550</u>
Uncollected Returned Checks	<u>5970</u>

The following expense account code should be used when the cost in question is unallowable per Attachment B but is not covered by a specific account code above:

2 CFR Part 200 Unallowable Costs	<u>5975</u>
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16. 200.449 Interest

Interest costs are generally unallowable, except for certain interest expenses paid to an