

POLICY

Accounting for unallowable Costs

<i>Department:</i> Sponsored Award Administration Management	<i>Category:</i> Expenditures	<i>Policy No:</i> 5.100.01	<i>Effective Date:</i> 12/26/2014	<i>Page No:</i> 1 of 2
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Purpose: Federal regulations require policies and procedures be established for the identification, segregation and proper accounting of costs that are unallowable in estimating and billing on grants and contracts with the Federal Government. This policy provides guidance on accounting for unallowable costs.

- Policy:**
1. It is the policy of the Boyce Thompson Institute for Plant Research (BTI) that in order for a cost to be considered an allowable direct or indirect charge to a federal award, it must meet certain tests of allowability established by OMB Circular A-122 with OMB Circular A-110 (prior to 12/26/14), 2 C.F.R. 200 Uniform Administrative Requirements for Federal Awards (effective 12/26/14)
 2. Unallowable costs are defined as any cost which under the provisions of any pertinent law, regulation, or extramural award cannot be included in cost reimbursements, or settlements under a federal award to which it is allocable.
 - Expressly unallowable costs are those particular cost types that are specifically named and stated in applicable cost principles to be not chargeable to federally sponsored projects.
 - Mutually agreed to be unallowable costs are those costs that BTI and the federal government have agreed will be considered unallowable.
 - Previously determined to be unallowable costs are those costs which were previously in dispute and which have been determined to be unallowable by a final decision of the finance office or by a ruling of a court, board, or other venue responsible for making such determinations.
 - Unallowable directly associated costs are those costs that are incurred solely as a result of incurring an unallowable cost.
 - Directly associated costs are any cost which is generated solely as a result of the incurrence of another cost, and which would not have been incurred had the other cost not been incurred.
 3. All unallowable costs shall be identified and excluded from any billing, claim, or proposal under a federal government award.
 4. Those individuals responsible for submitting proposals, classifying costs, or preparing billings shall be familiar with, and shall comply with, the requirements imposed by OMB Circular A-122 with OMB Circular A-110 (prior to 12/26/14), 2 C.F.R. 200 Uniform Administrative Requirements for Federal Awards (effective 12/26/14) and this Policy.
 5. Information will be provided to personnel affected by the procedure and individuals will be made available to provide guidance for proper cost classifications.



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The costs of any work project not authorized by a sponsored agreement, whether or not related to performance of a proposed or existing sponsored agreement, shall be accounted for in a manner, which permits ready separation from the costs of authorized work projects.

6. The costs pertaining to formal cost sharing shall be accounted for in a manner that permits identification to the sponsored project to which it pertains
7. Rate limits or caps imposed by OMB Circular A-122 with OMB Circular A-110 (prior to 12/26/14), 2 C.F.R. 200 Uniform Administrative Requirements for Federal Awards (effective 12/26/14) or by negotiation with the federal government may limit BTI's ability to recover all costs that would otherwise be allocable and allowable.
8. These caps will not be considered in determining the proper classification of administrative costs.