

WWU Standard on Allowable Costs

Definitions

Allowable costs Expenses that are permitted under the terms of a grant or contract, and by applicable University policy, State and Federal law.

Unallowable costs Expenses that are not permitted under the terms of a grant or contract, or by applicable University policy, State and Federal law.

Background

In general, activities related to sponsored programs must comply with the sponsor's terms and conditions, Western Washington University's (WWU) policies and procedures, and federal regulations including those from the Office of Management and Budget (OMB) such as OMB's 2 CFR 200 Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Through these conditions and regulations, certain costs are defined as allowable or unallowable for reimbursement by the funder. This standard provides guidance to help identify common unallowable costs and the process for determining allowability.

OMB Regulations and Guidance

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

1. Be necessary and reasonable for the performance of the Federal and non-Federal award and be allocable thereto under these principles.
2. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
3. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
4. 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.
5. Be determined in accordance with generally accepted accounting principles (GAAP).
6. 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.
7. Be adequately documented.

Common unallowable costs under OMB regulations

- Advertising
- Alcohol
- Alumni activities
- Bad debt expense
- Commencement costs
- Entertainment costs (unless specifically written into the award)
- Fines and penalties
- Fundraising
- Gifts
- Goods and services for personal use
- Lobbying
- Losses on other sponsored projects
- Student activity costs

Conflicts between sponsor requirements and WWU policy and absence of sponsor guidance

When there is a conflict between WWU's policy/standard and sponsor requirements, the more restrictive case applies. In the absence of clear guidance, WWU will follow OMB's Uniform Guidance allowability rules.

Review, approval, and appeal process

Post-Award will review all expenditures during workflow for allowability. If it is determined that a charge is unallowable, the charge will be returned to the department with an explanation as to why it is considered unallowable. If a department considers that the cost should be allowed, they should contact Post-Award to discuss their reasoning. If after such discussion disagreement persists, departments may appeal to the Vice Provost for Research, who will make a final determination.