**Applicability:** This policy applies to all federally sponsored agreements.

1. Definition

Unallowable costs, for the purpose of this policy, are costs that cannot be included in the direct costs of sponsored agreements or in the university's indirect cost rate according to OMB's Circular A-21. These are not the only costs the university considers unallowable. Unallowable costs, by UMASS' definition are outlined in Trustee Policy T92-031, Management of University Funds, and include items such as: expenses for personal gain, political contributions, personal gifts of gratitude, and personal fines. OMB Circular A-21 defines allowability of costs as "(a) they must be reasonable; (b) they must be allocable to sponsored agreements under the principles and methods defined in A-21; (c) they must be given consistent treatment through application of those generally accepted accounting principles appropriate to the circumstances; and (d) they must conform to any limitations or exclusions set forth in these principles or in the sponsored agreement as to types or amounts of cost items."

II. Guidelines

Unallowable costs and directly associated costs must be appropriately identified on all documentation to ensure these costs are in the proper accounts and are excluded from direct and indirect costs of sponsored agreements. Correct classification of unallowable costs in the accounts is also important in the computation of indirect cost rates.

III. Responsibilities

The Office of Research and Sponsored Programs ensures compliance with OMB Circular A-21 by review and approval of direct costs charged to federal sponsored agreements. The Controller's Office is responsible for preparing UMass Boston's facilities and administrative rate calculation in accordance with OMB Circular A-21 and for ensuring that only allowable costs are include in the rate.

Directly associated costs are expenses that would not have been incurred if the unallowable cost had not been incurred.

Below is a list of the unallowable costs taken from part J of Circular A·21.

**Unallowable** Cost Categories:

* Advertising and public relations - to promote the institution
* Alcoholic beverages
* Alumni activities
* Bad debt (write-off of Accounts Rec.)
* Charitable donations and contributions
* Commencement and convocation expenses
* Contingency provisions
* Cost overruns 011 Sponsored Agreements
* Entertainment expenses
* Fines and penalties
* First class and other non-coach travel
* Fund raising and investment management costs
* Goods or services for personal use
* Institutional Officer's Housing
* Interest cost
* Legal costs relative to failure to comply with state, federal, local, or
* foreign statutes
* Lobbying costs
* Memberships in any civic. community, country club, or social
* organization
* Personal use of institutional fumished vehicles
* Selling and marketing of university goods of services
* Student activities cost
* Trustee travel and subsistence
* UMass Boston Unallowable Costs