



Procedure Number: 545

Procedure: Allowable Costs

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Responsible Party: Assistant Vice Chancellor of Finance

PROCEDURE

Allowable and Unallowable Charges to Federal Grants

For Federal grants, MSU Billings is subject to 2 CFR 220 (Uniform Guidance) Cost Principles for Educational Institutions in determining which costs are allowable.

There are four tests to guide whether a cost can be charged to a grant. The cost must be:

1. Reasonable

The cost must be necessary for the performance of the project, acquired by means consistent with federal and state laws and regulations as well as the sponsored agreement terms and conditions, and incurred in a manner consistent with institutional policies.

2. Allocable

The cost is incurred solely to advance the work on the project or is proportionately assigned to the project and other work of the institution through reasonable methods.

3. Consistent

The cost is consistently treated as either a direct or indirect cost in like circumstances. Certain types of projects may be an exception to the consistency test.

4. Allowable

The cost must be considered as allowable under Uniform Guidance and the terms of the specific award being charged

Allowability of Selected Expenses

Item	Description	Type
Advertising and Public Relations	Expenditures to promote the College	Unallowable
	Advertising for recruitment of employees or human subjects	Allowable
Alcohol	Costs for alcoholic beverages	Unallowable
Books and journals	As MSU Billings has a library, book and journals are provided as part of normal services and are built into the indirect cost rate. They cannot be allocated to a specific project. These would include general or reference texts and books that allow the PI to stay current with the field of research.	Included in indirect costs, not allowable as direct cost
	If the book or journal is not available in the library and	Possible allowable as

	the PI can document that it is needed for the research/project, it may be allowable. Please contact the Grants Manager in Financial Services.	a direct cost
Entertainment	Costs of entertainment, including amusement, diversion, social activities, and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities). Meals purchased locally may be allowable. Please contact the Grants Manager in Financial Services.	Unallowable Possibly allowable
Equipment	Items that cost at least \$5,000 and have a useful life of more than one year are equipment. Typically, equipment must be included in the awarded budget, or we must seek approval from the funding agency.	Possibly Allowable
Fines and penalties	Costs resulting from violations of, or failure to comply with, Federal, State, and local or foreign laws and regulations.	Unallowable
Foreign Travel	Many funding agencies require prior approval for or do not even allow foreign travel. If foreign travel is not specified in the awarded budget, contact the Grants Manager in Financial Services.	Possibly Allowable
Good or services for personal use	Costs of goods or services for personal use. This includes shampoo, haircuts, laundry, newspapers, magazines, decks of cards and ATM fees.	Unallowable
Losses on other sponsored agreements or contracts (cost overruns)	Any excess costs over income under any other sponsored agreement or contract of any nature is unallowable. This includes, but is not limited to, the institution's contributed portion by reason of cost sharing agreements or any under recoveries through negotiation of flat amounts for indirect costs.	Unallowable
Materials and Supplies	Costs incurred for materials and supplies necessary to carry out a sponsored agreement. Only materials and supplies actually used for the performance of a sponsored agreement may be charged as direct costs.	Allowable
Meetings and conferences	Costs of meetings and conferences, the primary purpose of which is the dissemination of technical information, are allowable. This includes the costs of meals, transportation, rental of facilities, speakers' fees, and other items incidental to such meetings or conferences, but does not include entertainment or alcohol.	Allowable
Memberships, subscriptions, and professional activity costs	Membership in civic, community, and social organizations. Institutional memberships. These expenses are built into the indirect rate. Membership in professional organization if membership is required in order to present grant-related research at the conference. Documentation must be provided the Grants Manager in Financial Services.	Unallowable Unallowable as direct cost Allowable
Office Supplies	Costs of general supplies Costs of specific supplies that can be allocated to a specific grant and is justified as being a direct cost of the project.	Unallowable as direct cost Allowable
Pre-agreement costs	Pre-agreement costs prior to effective date of agreement.	Unallowable