

Q7. What are unallowable expenditures?

In general, for federal grants, the Office of Management and Budget developed 2 CFR, Part 200 to describe the treatment of costs on sponsored project activities (direct and indirect) that can be billed to the federal government. 2 CFR, Part 200 applies to all federally funded projects including federal funding through a non-federal agency. As an institution, we are responsible for ensuring that costs charged to a sponsored agreement are “reasonable, necessary, allocable, and otherwise allowable . . .”.

For non-federal grants and in general for all grants, we recommend referring to the Notice of Award and sponsor guidelines when checking for unallowable expenses.

UT Southwestern defines unallowable costs as those expenses which are not reimbursable under the terms and conditions of federally sponsored awards or agreements and/or those specifically identified as unallowable in 2 CFR, Part 200. Moreover, for non-federal grants, please refer to the sponsor guidelines.

Typically, unallowable costs include:

1. Advertising-including radio, television, exhibits, promotional items, production of internal newsletters and magazines. Advertising costs for patient recruitment and fellowship and training programs are allowable.
2. Alcoholic beverages
3. Graduation ceremonies and other commencement expenses
4. Bad debt expense
5. Internal allocation of interest
6. Fundraising
7. Fines and penalties
8. Costs of professional investment advice
9. Costs of faculty or administrative housing
10. Personal use of institutional automobiles or other property and services
11. Club and civic and community memberships
12. Alumni activities
13. Lobbying
14. Public relations
15. Medical malpractice insurance
16. Meals and travel associated with lobbying, fundraising, alumni activities
17. Entertainment for holidays, retirements, and other costs for recruiting, entertaining, and tickets to events
18. Student activities
19. Unrecovered costs (losses) of service centers
20. Costs for prosecuting claims against the federal government
21. Overdrafts on restricted funds

22. Contributions and donations

23. Passports

Please see the additional resources:

[UTSW SPA Website](#)

[Allowable Cost Matrix with Resources](#)

[Accounting and Fiscal Services Prior Approval of Expenditures Matrix](#)

[NIH Grants Policy Statement: Allowability of Costs/Activities](#)

[NIH Grants Policy Statement: Allowable and Unallowable Costs](#)

Also refer to the terms and conditions of your Notice of Award (NOA) and sponsor guidelines.

END OF INSTRUCTIONS