
UNALLOWABLE COSTS FOR SPONSORED AGREEMENTS

- Scope:** All campuses served by Louisiana State University (LSU) Office of Accounting Services
- Effective:** May 1, 2013
- Purpose:** To provide information about identifying and allocating unallowable costs as defined in OMB Circular A-21.
- Background:** The Office of Management and Budget (OMB) Circular A-21 establishes principles for determining costs applicable to grants, contracts and other agreements with educational institutions. A-21 prohibits the University from charging (directly or indirectly) federally funded agreements for costs that A-21 refers to as "unallowable costs". Additionally, a number of non-federal sponsors also consider these costs to be unallowable charges to the

accounts when preparing financial reports in order to verify that the charges are allowable. This is an after-the-fact review and SPA will notify the PI and/or the responsible department personnel when unallowable costs must be removed from the sponsored account.

3. Unallowable costs are identified and segregated by a combination of the following methods:

Use of unique object codes to properly track and eliminate specific types of expenditures that may not be charged to federally sponsored agreements

A review of expenditures conducted as part of the development of the facilities and administrative (F&A) proposal

An after-the-fact review conducted by SPA personnel of general ledger expenditures

Identification and exclusion of unallowable costs from any billing, claim or proposal under a federal award

D. Responsible Office

Questions regarding the allowability and treatment of costs charged to sponsored agreements should be directed to SPA at (225) 578-5337. The SPA contacts can be found on the Chart of Account (COA), Sponsored Program Accounting screen (COASPA). A list of SPA contacts can also be found on the SPA website: <http://www.fas.lsu.edu/AcctServices/spa/staff.html> or myLSU under Financial Services, Reporting Tools, Research Accounting, Grant/Contract Account Information.