



Identifying Unallowable Costs under Cost Accounting Standards (CAS) 505 and the OMB Uniform Guidance

Type of Costs	Rules	Method of Identification by Unallowable Accounts / Departments
1. Advertising and public relation costs [200.421]	<p><i>Specific guidelines for allowability are identified in Section 200.421.</i></p> <p><i>The term “advertising costs” means the costs of advertising media and corollary administrative costs. Advertising media include magazines, newspapers, radio and television, direct mail, exhibits, electronic or computer transmittals, and the like. The term “public relations” includes community relations and means those activities dedicated to maintaining the image of the institution or maintaining or promoting understanding and favorable relations with the community or public at large or any segment of the public.</i></p>	<p>63100 External Advertising Expense</p> <p>65100 Office of Advertising & Publications-Advertising</p> <p>65110 Advertising & Publication (Internal)</p> <p>65111 Advertising</p> <p>65119 Employee Recruitment Advertising</p> <p>65211 NYU Press Advertising</p>
2. Alcoholic beverages [200.423]	<p><i>Costs of alcoholic beverages are unallowable.</i></p>	65183 Alcoholic Beverages
3. Alumni(ae) activities [200.424]	<p><i>Costs incurred for, or in support of, alumni activities and similar services are unallowable.</i></p>	Various unallowable departments are identified.
4. Bad debt [200.426]	<p><i>Any losses, whether actual or estimated, arising from uncollectible accounts and other claims, related collections costs, and related legal costs, are unallowable.</i></p>	<p>65290 Bad Debts</p> <p>65571 Bad debt – Social Work</p> <p>65573 Bad debt - SCE</p> <p>65575 Bad debt - Wagner</p> <p>75577 Bad debt - Law</p> <p>65579 Bad debt – Sch of Ed</p> <p>65581 Bad debt - TSOA</p> <p>65583 Bad debt - Gallatin</p> <p>65585 Bad debt - Stern</p>



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		<p>65587 Bad debt – Stern undergrad</p> <p>65589 Bad debt - GSAS</p> <p>65591 Bad debt- WSUC</p>
<p>5. Commencement & convocations [200.429, Appendix III]</p>	<p><i>Costs incurred for commencements and convocations are unallowable, except for those expenses incurred for the administration of student affairs and for services to students, including commencements and convocations.</i></p>	<p>65140 Awards & Prizes</p> <p>65150 Diplomas & Certificates</p> <p>65160 Convocations</p>
<p>6. Late-funded pension costs [200.431]</p>	<p><i>Increases to normal and past service pension costs caused by a delay in funding the actuarial liability beyond 30 days after each quarter of the year to which such costs are assignable are unallowable.</i></p>	<p>Under the University’s benefit programs, this is not applicable to NYU.</p>
<p>7. Employee auto allowances [200.431]</p>	<p><i>Employee auto allowances are unallowable where personal use applies.</i></p>	<p>Under NYU's <i>Business Expenses</i> policy, personal use expenses are prohibited and will not be reimbursed to employees.</p>
<p>8. Contingency provisions [200.433]</p>	<p><i>Amounts for major project scope changes, unforeseen risks, or extraordinary events may not be included. There are certain conditions in which contingencies may be allowed. Please see Section 200.433 in the Uniform Guidance for more information.</i></p>	<p>Account 64380 Provision/ Renovation-Replace & Dept (Org ID) 00030</p>
<p>9. Fraud defense [200.435]</p>	<p><i>Fraud defense as well as, prosecuting claims against the government, patent infringement and costs associated with legal convictions are all unallowable.</i></p>	<p>All legal costs are identified and analyzed for identifying unallowable costs.</p>



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10. Legal services [200.435]	<i>Regulations generally permit recovery of 80% of legal expenses where the institution successfully defends itself against misconduct claims. Please refer to Section 200.435 for specific guidelines.</i>	Department (Org ID) 04080
11. Legal Settlements [200.435]	<i>Costs incurred by the institution in connection with defense of suits brought by its employees or ex-employees under section 2 of Major Fraud Act of 1988, including costs of all relief necessary to make such employee whole, where the institution was found liable or settled, are unallowable.</i>	Managed by Office of General Counsel. Expenses are coded to accounts 60430 (Legal Fees) or 60455 (Professional Services).
12. Donations & gifts [200.434]	<i>Donations or contributions made by the University, regardless of the recipient, are unallowable.</i>	63280 China & Glassware
13. Entertainment [200.438]	<i>Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency.</i>	63296 Music and Flowers 63445 Tickets 65182 Dinner & Meeting
14. Lobbying [200.450]	<i>Costs incurred in attempting to improperly influence, either directly or indirectly, an employee or officer to the executive branch of the Federal Government to give consideration or to act regarding a sponsored project or</i>	Managed by University Relations.



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	<i>a regulatory matter are unallowable. Improper influence means any influence that induces or tends to induce a Federal government employee or officer to give consideration or to act regarding a Federal government sponsored project or regulatory matter on any basis other than the merits of the matter.</i>	
15. Fines and penalties [200.441]	<i>Costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.</i>	67402 Payroll tax - Penalties
16. Personal use expenses [200.445]	<i>Costs of goods or services for personal use of the institution's employees are unallowable regardless of whether the cost is reported as taxable income to the employee.</i>	Under NYU's <i>Business Expenses</i> policy, personal use expenses are prohibited and will not be reimbursed to employees.
17. Employee housing allowances [200.445]	<i>Costs of housing (e.g., depreciation, maintenance, utilities, furnishings, rent), housing allowances and personal living expenses are only allowable as direct costs regardless of whether reported as taxable income to the employees. In addition, to be allowable direct costs must be approved in advance by a Federal awarding agency.</i>	63122 Faculty Housing Exp – Law Fdn 63124 Faculty Children Schlp – Law Fdn 65191 Faculty Housing Program



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18. Insurance against defects [200.447]	<i>Costs of insurance with respect to any costs incurred to correct defects in the non-Federal entity's materials or workmanship are unallowable.</i>	The University does not normally incur expenses for insurance against defects. If such expenses are incurred, they will be excluded during the preparation of the F&A cost proposal.
19. Medical malpractice insurance [200.447]	<i>Medical liability insurance is an allowable cost of Federal research programs only to the extent that the Federal research programs involve human subjects or training of participants in research techniques. Medical liability insurance costs must be treated as a direct cost and must be assigned to individual projects based on the manner in which the insurer allocates the risk to the population covered by the insurance.</i>	Not applicable to NYU
20. Fundraising/investing [200.442]	<i>Costs of organized fund raising, including financial campaigns, endowment drives, solicitation of gifts and bequests and similar expenses incurred solely to raise capital or obtain contributions are unallowable.</i>	60431 Broker/Dealer Fees Dept 19020 Investment Office
21. Interest [200.449]	<i>Costs incurred for interest on borrowed capital, temporary use of endowment funds, or the use of the non-Federal entity's own funds, however represented, are unallowable. Financing costs (including interest) to acquire, construct, or replace capital assets are allowable, subject to the conditions and requirements identified in Section 200.449.</i>	65293 SCE credit cards fees 65570 M/C Visa Int – Social Work 65572 M/C Visa Int – SCE 65574 M/C Visa Int – Wagner 65576 M/C Visa Int – Law 65578 M/C Visa Int – Sch of Ed 65580 M/C Visa Int – TSOA 65582 M/C Visa Int – Gallatin



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		65584 M/C Visa Int – Dental
		65586 M/C Visa Int – Stern
		65588 M/C Visa Int – Stern Undergrad
		65590 M/C Visa Int – GSAS
		65592 M/C Visa Int – WSUC
		65710 M/C Visa Expense
		65720 Gen Int Exp – Credit Card Fees
		67702 Interest Exp – W.Sq.
22. Covering overruns and losses on other sponsored projects [200.451]	<i>These costs are unallowable.</i>	For the policies and procedures associated with overruns, see <i>Award Closeout Policy for Sponsored Programs.</i>
23. Meetings & conferences [200.432]	<i>Allowable conference costs paid by the non-Federal entity as a sponsor or host of the conference may include rental of facilities, speakers' fees, costs of meals and refreshments, local transportation, and other items incidental to such conferences unless further restricted by the terms and conditions of the Federal award. As needed, the costs of identifying, but not providing, locally available dependent-care resources are allowable.</i>	Expenses related to meetings and conferences for business purposes are treated as allowable direct costs. When these meetings do not meet the test of business purposes, their associated expenses must be identified as unallowable costs.
24. Memberships in social & civic clubs [200.454]	<i>These costs are unallowable.</i>	65291 – Membership Dues
25. Private patent development [200.448]	<i>Patent-related costs where the Federal government holds an interest are allowable. Where only private patent rights apply, related costs are unallowable.</i>	Expenses associated with NYU-owned patent development are separately identified and recorded.



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26. Pre-award costs [200.458]	<i>Pre-award costs are those incurred prior to the effective date of the Federal award directly pursuant to the negotiation and in anticipation of the Federal award where such costs are necessary for efficient and timely performance of the scope of work. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.</i>	For the treatment of pre-agreement costs, see <i>Opening or Modifying a Project Policy</i>
27. Recruiting costs [200.463]	<i>Most recruiting costs are allowable. However, "Special emoluments, fringe benefits, and salary allowances incurred to attract professional personnel that do not meet the test of reasonableness or do not conform with the established practices of the non-Federal entity, are unallowable.</i>	See Item 1, advertising for personnel recruiting for allowable advertising. Those recruiting costs that do not meet the test of reasonableness or do not conform with the established practices of the University will be identified during the preparation of the F&A cost proposal.
28. Selling & marketing [200.467]	<i>Costs of selling and marketing any products or services of the non-Federal entity (unless allowed under Section 200.421 Advertising and public relations.) are unallowable, except as direct costs, with prior approval by the Federal awarding agency when necessary for the performance of the Federal award.</i>	Allowable advertising costs incurred for personnel recruiting are recorded using Account 65119 Employee Recruitment Advertising. All other advertising costs are treated as unallowable and are recorded using various account codes (see Item 1) identifiable as unallowable.
29. Student activity costs [200.469]	<i>Student activity costs are unallowable, except where permitted by the sponsored agreement.</i>	Identified in In Department Range 075XX.



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30. Excess airfare and related travel [200.474]	<i>Except for medical necessity, first class airfare (and related costs beyond discount rates), are generally unallowable.</i>	Costs are transferred to a separate project as unallowable costs. See <i>Domestic and Foreign Travel Policy for Sponsored Programs</i>
31. Termination costs applicable to sponsored agreements [200.471]	<i>Section 200.471 provides guidelines and restrictions on allowable termination costs applicable to sponsored programs.</i>	Termination costs applicable to sponsored programs are monitored by Sponsored Programs Administration.
32. Late/unsupported cost transfers	<i>Cost transfers must meet the criteria specified in the OMB Uniform Guidance.</i>	The rules regarding retroactive cost transfers applicable to sponsored programs are outlined in the <i>Cost Transfers Policy</i> .
33. Student administration and services [Appendix III]	<i>The expenses under this heading are those that have been incurred for the administration of student affairs and for services to students, including expenses of such activities as deans of students, admissions, registrar, counseling and placement services, student advisers, student health and infirmary services, catalogs and commencements and convocations. The expenses in this category must be identified and allocated solely to the instruction function.</i>	As in the case of expenses associated with commencement & convocation, expenses related to student administration services are separately identified in department range 075xx for Student Services Administration. These expenses are treated as indirect costs and included in the Student Services Administration Pool.