PROCEDURAL STATEMENT

Procedural Statement Title: Entertainment Costs Using Sponsored Project Funds

Functional Area: Research Administration

Related Policy: Cost Principles Policy

Effective Date: 7/1/2016 in accordance with Uniform Guidance regulations effective for new funding received after 12/26/2014

Approved by: Laura Ragin, AVC and Controller, CU Boulder

Responsible Office: Sponsored Projects Accounting (SPA), a division of the CU Boulder Campus Controller’s Office

Reason for Procedural Statement: To establish direct charging procedures for sponsored projects in like circumstances. To determine if an unlike circumstance exists, see: Direct Charging to Sponsored Projects in Like and Unlike Circumstances.

I. PROCEDURAL STATEMENT

This document is intended to serve as formal guidance for CU Boulder regarding the use of funds from sponsored projects for entertainment costs in like circumstances. The university is committed to ensuring costs incurred in support of sponsored research are allowable, reasonable, and allocable to a particular sponsored award, as defined by U.S. Office of Management and Budget’s Uniform Guidance (2 CFR §200.403-405); are in compliance with sponsor requirements; and are administered consistently across the campus for all sponsored research. Procedural statements support the CU Boulder Cost Principles Policy by providing definitions and processes for meeting those standards in like circumstances.

II. DEFINITIONS

Entertainment costs are defined in the U.S. Office of Management and Budget’s Uniform Guidance, 2 CFR 200.438 as:

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities).

III. PROCEDURES

A. Federal Awards

Under the guidelines imposed by the Uniform Guidance, entertainment costs are considered unallowable direct charges, 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.

B. Non-Federal Awards

Section 2 CFR 200.403(c) of the Uniform Guidance requires that we apply our policies and procedures uniformly to both federally-financed and other activities of the university. Therefore, CU Boulder’s Cost Principles Policy and related procedural statements are also applicable to non-Federal awards. The basic criteria for charging entertainment costs are similar for non-Federal sponsored projects, but it is also important to be familiar with the particular requirements or restrictions of each non-Federal sponsor. When allowed by the non-Federal sponsor, a written justification for the inclusion of
entertainment costs should be provided in order to explain why these are necessary to fulfill the research objective of the project, and to ensure that the cost directly benefits the project being charged, even when the non-Federal sponsor may follow more flexible spending guidelines.

C. Process

At Proposal
Entertainment costs that have a programmatic purpose for a specific research objective must be identified in the proposal budget justification, and justified as to why they are necessary and allocable to the performance of the award. Inclusion in the budget justification is intended to enable the sponsor to review and concur with the need for the cost, and is required by Federal agencies. For non-Federal sponsors, written justification and/or approval are meant to prevent questions regarding the allowability of costs in the event of an audit.

After an Award is Funded
In the event unbudgeted entertainment costs are required after an award is funded, the PI must work directly with their OCG Grant or Contract Officer to explain either their programmatic purpose for Federal awards, or the benefit of this cost for non-Federal awards. Based on sponsor prior approval requirements and the specific benefit, OCG will contact the sponsor for allowability. The written sponsor approval, as well as the justification explaining the purpose and benefit of the entertainment cost to the specific project, will be retained in Boulder eRA (BeRA) for future reference should the expenditure be questioned at a later date.

D. Frequently Asked Questions

Question: What are some examples where food is an allowable cost when someone is not in travel status?

Answer: Food expenditures that occur while not in travel status or are not part of a sponsor approved conference are considered entertainment costs. On rare occasions, a non-Federal sponsor may allow or even request non-programmatic related entertainment costs charged to their project. However, Federal awards will pre-approve the direct charging of entertainment costs to a project only when they serve a specific programmatic purpose.

Question: The PI stated in an NSF proposal and budget justification to take 10 participants rafting as part of a cultural study relating to the award. The cost for these participants would be allowed to post to the project, correct?

Answer: If this specific event was explicitly disclosed in the proposal budget justification and budgeted as a separate line item, the cost of this event would be allowed to post to the Participant Support category of the award.

Question: We want to provide pizza for students working late that are preparing for a presentation, can this be posted to a sponsored project?

Answer: No, this would be a personal expense. It is not an allowable University expense per the PSC Procedural Statement (PPS): Sensitive Expenses.

Question: Is renting a CU bus or van to transport students associated with a research project to a Denver event allowed on my project?

Answer: This generally would not be an allowable entertainment cost, but may have the potential for a travel cost based on the scope of work (SOW) of the award, and any prior approval of the sponsoring agency.
**Question:** For an appreciation and team building exercise, we want to take a group of international students that are here for the summer on a bowling event. We would like to charge the NSF participant support cost portion of the award.

**Answer:** Unless it has been clearly proposed in the award budget along with a budget justification, this would not be allowed. The sponsor would need to be contacted as prior written approval is required for this type of cost, and the cost must adhere to the PSC Procedural Statement: Recognition and Training.

**Question:** We are planning a kick-off event to introduce the research project of a distinguished research professor. As a cost of this event we need to pay for a room rental. Since this is directly related to the project, is it allowable to charge the room rental to the project?

**Answer:** The room rental would not be an allowable cost to post to the project, as it has no specific benefit to fulfill the research objective of the award.