

Entertainment Costs Funded by University of Arkansas Sponsored Programs

Introduction

This document is intended to serve as formal guidance for University of Arkansas regarding the use of funds from sponsored programs for entertainment costs in like circumstances. The university is committed to ensuring costs incurred in support of sponsored programs 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 program. Procedural statements support University of Arkansas [Cost Principles Policy](#) by providing definitions and processes for meeting those standards in like circumstances.

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).

Application

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.

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 funded and other activities of the university. Therefore, University of Arkansas [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 programs, 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 objective of the program, and to ensure that the cost directly benefits the program being charged, even when the non-Federal sponsor may follow more flexible spending guidelines.

Process

At Proposal

Entertainment costs that have a programmatic purpose for a specific program 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 Research and Sponsored Programs (RSSP) 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, RSSP 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 program, will be retained in Razorgrant for future reference should the expenditure be questioned at a later date.