



ARKANSAS DEPARTMENT OF FINANCE AND ADMINISTRATION
OFFICE OF INTERGOVERNMENTAL SERVICES

SUBGRANT ADMINISTRATION GUIDE
PART II: POST SUBGRANT REQUIREMENTS

E. UNALLOWABLE COSTS

1. **BACKGROUND**

- a. Costs not included in the approved subgrant budget, including approved budget revisions, will not be reimbursed by IGS.
- b. Any costs that are incurred either before the start of the project period or after the expiration of the project period are not allowable.
- c. IGS staff is available to assist subgrant organizations in determining whether or not a cost is allowable within specific federal grant programs.

2. **BONUSES OR COMMISSIONS**

- a. Subgrant organizations are prohibited from paying any bonus or commission to any individual or organization for the purpose of obtaining approval of an application for award assistance.
- b. Bonuses to officers or board members of profit or nonprofit organizations are determined to be a profit or fee and are unallowable.

3. **MILITARY TYPE EQUIPMENT**

- a. Costs for such items as armored vehicles, explosive devices, and other items typically associated with the military arsenal, excluding automatic weapons, are unallowable. Exceptions MAY be made by IGS upon a written request and justification from a subgrant organization.

4. **LOBBYING**

- a. Subgrant organizations must understand that no federal funds made available by IGS may be used, either directly or indirectly, to support the enactment, repeal, modification, or adoption of any law, regulation, or policy, at any level of Government.
- b. The Anti-Lobbying Act, 18 U.S.C. 1913, was amended to expand significantly the restriction on use of appropriated funding for lobbying. This expansion also makes the anti-lobbying restrictions enforceable via large civil penalties, with civil fines between \$10,000 and \$100,000 per each individual occurrence of lobbying activity.
 - i. Refer to OJP Financial guide for further information regarding lobbying:
<http://www.ojp.usdoj.gov/finguide06/index.htm>



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E. UNALLOWABLE COSTS (cont'd)

5. FUNDRAISING

- a. Costs of organized fundraising, including financial campaigns, endowment drives, solicitation of gifts and bequests, and similar expenses incurred solely to raise capital or obtain contributions, may not be charged either as direct or indirect costs against the subgrant.
- b. A subgrant organization may accept donations (i.e., goods, space, services) as long as the value of the donations is not charged as a direct or indirect cost to the subgrant.
- c. A subgrant organization may also expend funds, in accordance with approved subgrant terms, to seek future funding sources to "institutionalize" the project, but not for the purpose of raising funds to finance related or complementary project activities.
- d. Nothing in this section should be read to prohibit a subgrant organization from engaging in fundraising activities as long as such activities are not financed by funds awarded by IGS.

6. CORPORATE FORMATION

- a. The cost for corporate formation may not be charged either as direct or indirect costs against the subgrant.

7. OTHER UNALLOWABLE COSTS

- a. Entertainment
- b. Sporting events
- c. Visa fees
- d. Passport charges
- e. Bar charges/Alcoholic beverages
- f. Laundry charges
- g. Membership fees to organizations whose primary activity is lobbying
- h. State and local sales tax