



RESEARCH GRANTS MANAGEMENT OFFICE (RGMO)
FACULTY OF MEDICINE AND HEALTH SCIENCES (FMHS)
STELLENBOSCH UNIVERSITY (SU)



PROCEDURE AND REGULATIONS FOR COMPLIANCE TO THE UNITED STATES (US) NATIONAL
INSTITUTES OF HEALTH (NIH) AND OTHER US PUBLIC HEALTH SERVICES (PHS) DEPARTMENTS
COST PRINCIPLES FOR ENTERTAINMENT COST

SCOPE: This document applies to all Stellenbosch University (SU) Faculty of Medicine and Health Sciences (FMHS) Principal Investigators (PIs) and all Key Personnel (KP) of research grants funded by the United States Government (USG) National Institutes of Health (NIH) or any other US Public Health Services (PHS) departments. SU is required to comply with the USG, including ensuring that all expenses charged to federal awards conform to the cost principles contained in the UG.

BACKGROUND AND REASON FOR THE PROCEDURE AND REGULATION: If any SU FMHS PI carries out research funded by National Institute of Health (NIH) or any other United States (US) Public Health Services (PHS) department, whether through a direct award or sub-award (collaborator or contractor), SU FMHS must, according to Code of Federal Regulations take reasonable steps to ensure that PIs and their sub-awardees comply with [2 CFR Part 200, Subpart E - Cost Principles § 200.438 Entertainment costs](#): *“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”.*

RESPONSIBILITIES

1. SU FMHS designate the Research Grants Management Office (RGMO) to review project costs of research funded by the USG NIH or PHS.
2. The PI and KP are responsible for assuring compliance with the [SU Policy on entertainment](#), [SU policy on Travel and Subsistence](#) and [SU policy on Conferences](#) providing assurances to SU FMHS that will enable SU FMHS to comply with Cost Principles § 200.438 Entertainment costs

PROCEDURE

1. The basic cost principles must always be applied when identifying cost allowability
2. The cost principles address [four tests](#) to determine the allowability of costs. The tests are as follows:
 - a. Reasonableness (Including Necessity)
 - b. Allocability
 - c. Consistency
 - d. Conformance
3. Food-related expenses associated with the cost of entertainment are **always unallowable** *except* in the very rare instance of when food-related costs that might otherwise be considered entertainment have a **programmatic purpose** **AND** are **authorized either in the budget or approved by the federal sponsor**.
4. Determine if the food-related expense qualifies as a legitimate SU business expense (i.e. appropriate and necessary to carry out SU business).
5. If NO, the food-related expense is not allowable and must be borne personally by the individual/department who incurred the expense.
6. If YES, Ask the following question: Is the SU business activity essential to accomplish the **scope of work** supported by the federal award?
7. If No, DO NOT charge this expense to the federal award, instead charge it to departmental fund source
8. If YES, are the expenses allowable, allocable and reasonable in accordance with the USG, other governing regulations / policies for the grant as well as the sponsor specific policies applicable to the grant? If Yes, charge the expense to the federal award.
9. **TRAVEL:**
 - a. Food-related expenses incurred by SU employees while on travel status are allowable provided that such expenses are reasonable and necessary for carrying out the **scope of work** or are specifically tied to the award's **programmatic requirements**.
10. **CONFERENCE/MEETINGS:**
 - a. Food-related expenses associated with a conference or meeting are allowable when: The event at which the food expenses are incurred meets the below definition of “conference”, and the expenses are paid by SU as the sponsor or host of the event; and in the case of NIH awards the meals must be an integral and necessary part of the meeting/conference (i.e. business is transacted during the meal).

- b. Food-related expenses associated with a conference **are unallowable** when the award is from NIH and the primary purpose of the grant was to support a conference or meeting or the food is for recurring business meetings, such as staff meetings, which are being broadly considered as meetings for the primary purpose of disseminating technical information in order to justify charging meals or refreshment to costs to grants.
- c. Conference hosts/sponsors must exercise discretion and judgment in ensuring that conference costs are appropriate, necessary and managed in a manner that **minimizes costs** to the Federal award.

11. PARTICIPANT SUPPORT:

- a. Food-related expenses associated with Participant Support costs are allowable only if the project includes an **education or outreach component**, and the food-related expenses are explicitly listed in the proposal budget and justified as part of the education or outreach components.

ACRONYMS AND DEFINITIONS

CFR	Code of Federal Regulations
NIH	National Institutes of Health
PHS	Public Health Services
PIs	Principal Investigator –the primary individuals responsible for the preparation, conduct, and administration of a research grant, in compliance with applicable laws and regulations and institutional policy governing the conduct of sponsored research.
ENTERTAINMENT EXPENSES	Entertainment expenses are costs related to amusement, diversion, and social activities and any costs directly associated with such costs, including tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities.
PROGRAMMATIC PURPOSE	A coherent plans, project activities, and supporting resources within a framework with the purpose to execute the approved federal funded research project
CONFERENCE	Defined by USG as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the non-Federal entity [SU] and necessary and reasonable for successful performance under the Federal award.
PARTICIPANT SUPPORT COSTS	Participant support costs are defined as direct costs for items such as stipends or subsistence allowances, travel allowances and registration fees paid to, or on behalf of, participants or trainees - but not SU employees - in connection with conferences or training projects.
RGMO	Research Grants Management Office
KP	Key Personnel