

Entertainment Purchases with Federal Funds

This document provides a brief overview of the entertainment cost category within Uniform Guidance, specifically, what is allowable, what costs fall within the category, and a process to determine whether an entertainment cost is allowable. Due to the variable nature of entertainment costs and federal funding streams, questions should be directed to an OSC compliance liaison.

Are entertainment costs allowable?

In general, entertainment costs are not allowable under Uniform Guidance (2 CFR 200.438).

What costs are included within the category of entertainment?

Entertainment includes costs for amusement, diversion (like recreation or pastime), and social activities, and any associated costs. Food is included in the umbrella of entertainment costs.

When are entertainment costs allowable?

There are instances in which entertainment costs, like food, may be purchased with federal funds; however, the funding must be authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency. If the award allows for the purchase of food, there must be restrictions in place that prevent the funds from being used for unallowable purchases, such as food for staff or purchasing liquor.

What is the process if it is unclear whether an entertainment cost is allowable?

If it is unclear whether a cost is allowable, a cost justification document should be completed to support the expenditure. This documentation should include an explanation of the decision, prior approvals received for the purchase, and confirmation that the expenditure does not go against regulations, terms, or conditions of the funding.

