Expenditure Guidelines

All costs must be considered reasonable. A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. In determining reasonableness of a given cost, consideration must be given to:

a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the entity or the proper and efficient performance of the award.
b. The restraints or requirements imposed by such factors as: sound business practices; arm’s length bargaining; Federal, state and other laws and regulations; and terms and conditions of the award.

The following list of non-allowable expenditures will serve as expenditure guidelines for the Clinical Transformation and Community Serving Plans.

- Alcoholic beverages
- Debt restructuring and bad debt
- Defense and prosecution of criminal and civil proceedings and claims
- Donations and contributions
- Entertainment
- Capital expenditures for general purpose equipment, building and land, except for:
  - Costs for ordinary and normal rearrangement or alteration of facilities that support whole person care and/or community clinical linkages
- Fines and penalties
- Fund raising and investment management costs
- Foods or services for personal use
- Idle facilities and idle capacity
- Interest expense
- Lobbying
- Memberships and subscription costs
- Patent costs