State agencies should follow the federal cost principles in [OMB Circular A-87 Revised](https://www.whitehouse.gov/omb/circulars_a087_2004/)

**Purpose.** This Circular establishes principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with State and local governments and federally recognized Indian tribal governments (governmental units).

With the on-coming implementation of Government Accountability and Transparency Act (GATA), this will be reinforced for all expenditures. The Grant Accountability and Transparency Unit is working with the Joint Committee on Administrative Rules (JCAR) to adopt rules for Federal and Federal pass-through grants by July 1, 2015. [Article on Transparency](http://my.chicagotribune.com/#section/-1/article/p2p-83012734/)

Attachment B Circular No. A-87

3. **Alcoholic beverages.** Costs of alcoholic beverages are unallowable.

14. ***Entertainment.*** 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) are unallowable.

The Illinois Attorney General’s office generally stipulates that the [Illinois Constitution Article VIII](http://ilga.gov/commission/lrb/con8.htm) Section 1 (a) is considered to prohibit coverage of alcohol purchases via grant funds because it states that “public funds, property or credit shall be used only for public purposes.”