5th Annual Symposium for Research Administrators

Preparing for Cost Share, August 10th, 2018

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Link to Policy
https://research.unc.edu/sponsored-research/operating-standards/#500.7
What is Cost Sharing?

• *Cost sharing or matching means* the portion of project costs not borne by the awarding agency or sponsor.

• Adapted from definition of federal cost sharing in §200.29 of OMB Uniform Guidance (2 CFR Part 200): “*Cost sharing or matching means* the portion of project costs not paid by Federal funds . . .”
Should We or Should We Not?

When Should We Cost Share?
- When required/mandatory in funding opportunity announcements/solicitations

When Shouldn’t We Cost Share?
- In most cases you should not voluntarily commit cost share in the proposal. Cost share is a true cost to the institution – someone pays.
Cost Share **Required or mandated** by the sponsor as condition of award.

Requirements for federal program announcements (Appendix I, C.2):

Must state that cost sharing is required or explicitly state it is not required.

May be percentage % or stated amount $.

Include restrictions on specified items or activities or types of costs.

Required proposal cost sharing documents.
Voluntary Committed. Not required as a condition of the award but specifically (*in a quantifiable manner*) and voluntarily pledged.

Neither expected nor considered during proposal merit reviews unless explicitly specified in funding opportunity.

Commitments usually found in budget and budget narrative/justification.
Required and Voluntary cost sharing included in a proposal are binding commitments of the University when an award is made.

If the proposal is funded, both of these types of cost sharing must be recorded, tracked and reported. *(must be accounted for in the institutions records)*
### Cost Sharing: Criteria

#### What Costs Are Allowable?
- Reasonable & Allocable
- Necessary for performance of award
- Treated consistently across funding sources
- Per award terms and conditions
- Per institutional policies, operating standards and procedures

#### What Costs Are NOT Allowable?
- Amounts used as cost sharing on another project
- Other federal award expenditures unless allowed by statute
- Other non-federal sponsors unless approved by that agency
- Administrative and clerical costs, unless allowed as direct costs on sponsor share
- Alcoholic beverages & Entertainment costs
Administrative Burden

Impact on Indirect Cost Recovery
- Unable to recover indirect costs associated with cost sharing

Increased Department and Central Office Burden
- Tracking and reporting on both sides.
- Certification of effort

Increased Audit Risk
- If Cost Share is not met or proven.
Types of Cost Share

Cash Matching (GL)
- Hard dollars or funds specifically appropriated for and allocated to the project.

Contributed effort (GL)
- Faculty and staff effort funded by non-sponsor sources (documented in eCRT)

In-Kind Matching (Non-GL)
- Third party contribution
- Donated/Volunteer Services
- Requires documentation from the third party

Unrecovered Indirect Costs (Non-GL)
- If solicitation doesn’t address unrecovered indirect costs, then sponsor must give prior approval
- Must be provided for in the approved budget when submitted application to the sponsor
Potential Consequence of not meeting Cost Share Commitment

- Sponsor may not accept invoices if cost share isn’t reflected on it.
- Sponsor may consider UNC in default of award if our cost share commitment isn’t met and could terminate the award.
- Sponsor may disallow a prorated portion of UNC allowable expenses if our cost share commitment isn’t met.
- Future funding for Sponsor could be put at risk.
- If a third party cost share commitment isn’t provided, UNC’s cost share commitment could increase accordingly.
- Contact OSR immediately if you think you won’t meet your cost share commitment.
Let’s take a look at some examples

- Proposal
- Post Award
- Reporting and Audit
Up to $3,000 may be requested. Actual award amounts are based on availability of funds and may be less than the amount requested.

Other significant support for the event is expected in addition to Biotech Center funds. A BES grant is not intended to be the sole source of funding for an event.
Cost Sharing Example at Proposal

Cost Reimbursement Grants
A first-time successful applicant is required to match at 24 percent for the first three-year funding period. Starting with year four, the match requirement gradually increases every year to 50 percent by year ten, according to the minimum overall share chart found in 45 CFR §2521.60

<table>
<thead>
<tr>
<th>Overall Minimum Match Share</th>
<th>Years 1-3</th>
<th>Year 4</th>
<th>Year 5</th>
<th>Year 6</th>
<th>Year 7</th>
<th>Year 8</th>
<th>Year 9</th>
<th>Year 10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>24%</td>
<td>26%</td>
<td>30%</td>
<td>34%</td>
<td>38%</td>
<td>42%</td>
<td>46%</td>
<td>50%</td>
</tr>
</tbody>
</table>

How to Calculate Minimum Match Requirement

$ CNCS (Federal) Request ÷ (100% - minimum match share%) = $ TOTAL AWARD

$ TOTAL AWARD - $ CNCS Request = $ Grantee Share

Example:
A program in year 7 (minimum match share = 38%) of AmeriCorps operations is requesting $300,000 from CNCS.

$300,000 ÷ (100% - 38% (or 62%)) = $483,871 (minimum total award)

$483,871 - $300,000 = $183,871 (minimum grantee share)
NIH Releases Guidance for FY18 Salary Caps

2018-03-12
Effective January 7, 2018, the NIH increased their salary cap from $187,000 to $189,600, which is the Executive Level II of the Federal Executive pay scale. NIH grantees may rebudget to accommodate the new salary cap for awards issued in specific years that were restricted to Executive Level II, but no additional funds will be provided to the grant awards to accommodate salary increases.

Please see NIH Notice NOT-OD-18-137 and the Salary Cap Summary for more details.

<table>
<thead>
<tr>
<th>Program</th>
<th>Award Duration</th>
<th>Total Award Amount (including Indirect Costs)</th>
<th>PI Salary/ Fringes</th>
<th>Project Support</th>
<th>Maximum Award Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientist Development Grant</td>
<td>Up to 4 years</td>
<td>$77,000 including 10% indirect costs</td>
<td>Up to $35,000 for Principal Investigator salary/fringe</td>
<td>At least $35,000 for Project support</td>
<td>$308,000</td>
</tr>
</tbody>
</table>
Things to think about before committing cost sharing.

- Is this in the best interests of the institution and/or department?
- Identify source of funding and is there available funding to cover the cost share?
- Obtain commitments/approvals from providers
- Obtain approvals from the department, division and institution
What to do if you answer Yes!

Work with OSR/SPO pre-award office to review sample wording for budget narrative, both to commit and to avoid cost sharing.

Required support/forms

- Budget by categories of costs
- Sources of funding identified
- Written commitments from third-party providers
- Institutional approvals
- Ensures budget narrative avoids unintended quantifiable commitments (i.e., voluntary committed cost sharing)
Ramses Questions at Proposal

Cost Sharing or Cash Matching (initial/current budget period)

* Does this proposal include funds or contributions in the form of required cost sharing or required cash matching?
  - Yes
  - No

If yes, please fill in below:

Click Here to Add Cost Sharing/Cash Matching Unit

No cost share units have been added.

Check the appropriate cost sharing/cash matching type(s). Please check all that apply:

- **Agency Mandated**
  - % or Amount: __________
  - Please check all that apply:
    - F&A
    - In-Kind
    - Matching
    - Salary Cap
    - Other: __________ (Limit 20 characters)

- **Voluntary** (Mandatory if Awarded)
  - Amount: __________
  - Please check all that apply:
    - F&A
    - In-Kind
    - Matching
    - Salary Cap
    - Other: __________ (Limit 20 characters)

* Are you requesting the Dean, Chair or VC for Research provide funds to support this proposal?
  - Yes
  - No
### Examples

**Guidance for Calculating Cost Share**

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>50,000</td>
</tr>
<tr>
<td>Fringe</td>
<td>12,500</td>
</tr>
<tr>
<td>Supplies</td>
<td>4,500</td>
</tr>
<tr>
<td>Travel</td>
<td>3,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>5,000</td>
</tr>
<tr>
<td>Direct Cost</td>
<td>75,000</td>
</tr>
<tr>
<td>Indirect Cost (55.5% of everything except equipment)</td>
<td>41,625</td>
</tr>
<tr>
<td><strong>Total Award</strong></td>
<td><strong>116,625</strong></td>
</tr>
<tr>
<td>Cost share = 20% Match on Total Award</td>
<td>23,325 University commitment</td>
</tr>
</tbody>
</table>
Post Award
You got the award now what?

Notices of award and award set up indicate cost sharing is required

• Use Chartfield String to note which expenses are cost shared.

Sub award agreements (In-Kind Match) include all cost sharing for commitments in proposal

• The amount of cost sharing being provided.
• Name, rate of pay, and effort amounts for each individual who will contribute effort.
• Sub awardee will be responsible for maintaining the documentation of costs for audit.
• Ultimate responsibility for cost sharing is prime recipient.
Sample ConnectCarolina Cost Share Transaction (GL)

Epidemiology – Disbursement for Scientific Supplies from Sponsored Award for Research with cost share

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>Fund</th>
<th>Source</th>
<th>Account</th>
<th>Dept ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNCCH</td>
<td>20101</td>
<td>12001</td>
<td>537110</td>
<td>463500</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PC Business Unit</th>
<th>Project ID</th>
<th>PC Activity ID</th>
</tr>
</thead>
<tbody>
<tr>
<td>CHOSR</td>
<td>5033746</td>
<td>1</td>
</tr>
</tbody>
</table>
### Sample of Unrecovered Indirect Costs (Non-GL)

#### B. Federally Approved Indirect Cost Rate

<table>
<thead>
<tr>
<th>Calculation - Cost Type - Rate - Rate Claimed - Cost Basis</th>
<th>CNCS Share</th>
<th>Grantee Share</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predetermined: Total Direct Costs: 55.5% indirect on total direct request minus the 5.26% allowable, with a rate of 50.24 and a rate claimed of 50.24</td>
<td>0</td>
<td>145,047</td>
<td>145,047</td>
</tr>
<tr>
<td>Predetermined: Total Direct Costs: 4.21% CNCS allowed request ($284,318) with a rate of 4.21 and a rate claimed of 4.21</td>
<td>12,155</td>
<td>0</td>
<td>12,155</td>
</tr>
<tr>
<td>Predetermined: Total Direct Costs: 1.05% Commission Request ($284,318) with a rate of 1.05 and a rate claimed of 1.05</td>
<td>3,031</td>
<td>0</td>
<td>3,031</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>BUDGET Totals</th>
<th>303,893</th>
<th>351,038</th>
<th>654,931</th>
</tr>
</thead>
</table>

| PERCENTAGE    | 46%     | 54%     |
Awarded $$$.

Work is happening and expenses are posting to the GL.

What does the Sponsor expect to see on the invoice or report.
## Example of Cost Share posting to the GL

<table>
<thead>
<tr>
<th>Expense Node</th>
<th>Account</th>
<th>Descr</th>
<th>Budget</th>
<th>LTD Exps</th>
<th>Avail Bal</th>
<th>FY Exps</th>
<th>Per Exps</th>
</tr>
</thead>
<tbody>
<tr>
<td>OTHER_CONTRACTS</td>
<td>569471</td>
<td>Grants-Oth Contract/Grant</td>
<td>1,250.00</td>
<td>1,250.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>MISC_EXPENSE</td>
<td>558921</td>
<td>Meetings and Amenities</td>
<td>0.00</td>
<td>1,250.00</td>
<td>(1,250.00)</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**DIRECT_COSTS SUB TOTAL**

|                   |         |                        | 1,250.00 | 1,250.00 | 0.00      | 0.00    | 0.00     |

| MISC_EXPENSE     | 558921  | Meetings and Amenities | 36,150.00| 0.00      | 36,150.00 | 0.00    | 0.00     |

**_COST_SHARING SUB TOTAL**

|                   |         |                        | 36,150.00| 15,075.63 | 21,074.37 | 0.00    | 0.00     |

**PROJECT 5107366 TOTAL (Including COST SHARE, if required)**

|                   |         |                        | 37,400.00| 16,325.63 | 21,074.37 | 0.00    | 0.00     |
**Financial Status Report**  
*Instructions on back*

### Part I: Project Identification

<table>
<thead>
<tr>
<th>Institution</th>
<th>The University of North Carolina at Chapel Hill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Director(s)</td>
<td>John Know-it-all</td>
</tr>
<tr>
<td>Project Title</td>
<td>Advanced OSR Training</td>
</tr>
<tr>
<td>Award Amount / NCBC Agreement No.</td>
<td>$1250.00 / #123456</td>
</tr>
<tr>
<td>Report Period</td>
<td>FROM 8/1/2018 TO 8/10/2018</td>
</tr>
<tr>
<td>Type of Report</td>
<td>☒ Final</td>
</tr>
<tr>
<td>Other Funding Sources and Amount</td>
<td>UNC Department of OSR</td>
</tr>
<tr>
<td></td>
<td>$15,075.63</td>
</tr>
</tbody>
</table>

### Part II: Financial Data

<table>
<thead>
<tr>
<th></th>
<th>Approved Budget (A)</th>
<th>Cumulative Expenditures (B)</th>
<th>Balance (C)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Personnel</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Salaries/Fringe Benefits</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Tuition/Stipends</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Subcontracts/Consultants</td>
<td>$1,250.00</td>
<td>$1,250.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>B. Materials and Supplies</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Animal Care/Housing</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Lab Services/Fees</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Freight/Handling</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>C. Equipment (Over $5,000)</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>D. Event or Meeting Expenses</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Speaker Travel</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Space Rental/Audio Visual</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Communication/Publicity</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>E. Travel</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>F. Other Direct Costs (Specify)</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Type</td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td></td>
<td>$0.00</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
<tr>
<td>Total</td>
<td>$1,250.00</td>
<td>$1,250.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>
When a Sponsor wants to do an Audit
Audit

• As a State institution UNC-CH is audited each year. We are subject to [200 CFR Subpart F-Audit Requirements](#), which lays out the Federal guidelines for all recipients of Federal funding.

• Record retention, appropriate documentation and maintenance of financial transactions and supporting documentation is critical for auditing purposes.
4. Transaction level accounting reports for costs claimed on the AmeriCorps grant. The transaction level reports should show detailed information such as the expense category, general ledger date, employee name, vendor name, transaction amount, check date, etc.

   a. Please provide in Excel the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 12AFHNC001 for PY 2014-2015.

   b. Please provide in Excel the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 15AFHNC001 for PY 2015-2016.

   c. Please provide in Excel the transaction-level accounting records supporting Federal and Match expenditures claimed on the claims/reimbursement requests submitted to the Commission for the AmeriCorps grant Award No. 15AFHNC001 for PY 2016-2017.
Record Retention

• Per Federal statute all financial, statistical records, supporting documentation and records for the award must be retain for three years. 200 CFR 200.333

• Per State statute all records but be retained for 5 years.

• If the agreement requires that we retain records for a different period then we follow the agreement.
Other Resources

• COFAR: Council on Financial Assistance Reform
https://cfo.gov/grants/
for links to OMB Uniform Guidance (2 CFR Part 200)

• A-133 Audit Compliance Supplement, 2016
https://obamawhitehouse.archives.gov/omb/circulars/a133_compliance_supplement_2016
  • Part 3-G (cost sharing)
  • Part 6 (internal controls)

• NACCA: National Conference on College Cost Accounting
www.costaccounting.org
  • Audits tab (Summary of university audits, 01/14)