

Cost Sharing: From Pre-Award to Closeout

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Cost Share Definition

- That portion of a total sponsored project's costs that are paid from sources other than the funds provided by the sponsor.



Cost Share Policy

- ***When Should We Cost Share?***

When required/mandatory in funding opportunity announcements/solicitations

- ***When Shouldn't We Cost Share?***

In most cases when completing a proposal package. Cost share is a true cost to the institution – someone pays

Policy: <http://research.unc.edu/offices/sponsored-research/policies-procedures/section-500/policy-7/>



Types of Cost Sharing

- Mandatory
 - Required by the sponsor as a condition of the award
- Voluntary Committed
 - Offered by the PI in the proposal when no mandatory cost sharing exists
 - Almost all federal projects should have some level of senior researcher/faculty effort committed and charged. If effort is not directly charged to project, it must be cost shared

Whether cost sharing is mandatory or voluntary, a commitment becomes a binding obligation of the University when an award is made

- must be accounted for in the institutions records



Administrative Burden

- Impact on Indirect Cost Recovery
 - Unable to recover indirect costs associated with cost sharing
- Increased administrative burden
 - Tracking and reporting (certification if effort)
- Increased audit risk



Types of Cost Share

- Matching – hard dollars or funds specifically appropriated for and allocated to the project
- Contributed effort – faculty and staff effort funded by non-sponsor sources (documented in eCRT)
- In-kind - third party contribution (require documentation from the third party)
- Donated/Volunteer Services
- Unrecovered Indirect Costs



Cost Sharing: Criteria

- Costs must meet **all** of the following criteria to qualify as cost sharing:
 - Verifiable from recipient's records
 - Not included as contributions for any other federally-assisted project or program
 - Necessary and reasonable for proper and efficient accomplishment of project
 - Allowable under cost principles
 - Not paid by Federal Government under another award (except where authorized)
 - Provided for in the approved budget



Is This Cost Sharing?

As specifically listed in the sponsor's approved budget, the recipient is to provide a 1:1 match in the amount of \$800,000 in equipment toward the project.

At the time of closeout, it has been noted that the equipment is under requisition/the purchase order has not been submitted.



Documentation: Pre-Award

Institutional Cost-Share Form/Letter to include:

- Project Information
- Dollar amount of cost sharing commitments
- Contributions by Department or Third parties
- Signatures
- Departmental cost sharing also certified in RAMSeS



Cost Sharing: Budgeting

- ***If cost is not allowable as a direct charge, cost is not an allowable as cost share***
- Unrecovered, reduced or waived indirect costs may be allowable for some sponsors or solicitations. 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 sponsor



Is This Cost Sharing?

Looking toward meeting a voluntary cost share commitment of a Federal award as included in the proposal and in the budget narrative at the time of award, the department plans to include costs associated with the purchase of office supplies, postage and new office furniture. In addition, 20% of the departmental fiscal manager will also be included to meet this commitment.



Allowable Cost Sharing

- Salaries/Wages for personnel effort and related Fringe Benefits
- Lab/research/educational supplies
- Equipment
- Other allowable direct costs
- Associated indirect costs
- Volunteer services value
 - Independent Sector – Volunteer rates by State

http://independentsector.org/volunteer_time



Is This Cost Sharing?

As a required part of the proposal package submission, a summary of existing institutional resources is required in support of the potential funded activities. The following statement is made: "We can provide laboratory space of several square feet, high power microscopes, chemicals and other items of scientific equipment."



Subawardee – Third Party

Must submit a signed document at proposal time stating:

- The amount of cost sharing being provided
- Name, rate of pay, and effort amounts for each individual who will contribute effort;
- Non-personnel expenses;
- Unrecovered F&A costs
- Subawardee will be responsible for maintaining the documentation of costs for audit
- Ultimate responsibility for cost sharing is prime recipient.



Documentation and Tracking

- Cost-shared item must be allowable, allocable and reasonable;
- A cost-shared item must be contributed during the performance period of the award.
- Third party cost sharing
 - Requires letter certifying cost share obligations
- If it was listed in the proposal, cover letter, correspondence, or technical report, it must be tracked and reported!



Documentation and Tracking – Continued

- Original documents kept in Department; copies sent to OSR if not documented in ConnectCarolina.
- Documentation may include receipts, purchase orders/requisitions, and invoices.
- For voluntary services, capture as much detail as possible. Recommendation, at a minimum, is to keep a log in/out sheet that captures name, volunteer duties, date(s) worked, and hour(s) worked.
- Recipient is responsible for proving that cost share commitments were met.



Record Retention

- Familiarize yourself with the record retention requirement for your award, found in your terms and conditions, and make sure cost share documentation is kept for the entire time.
- If you use non-sponsored funds to meet a cost share commitment, you must retain the documentation for the retention period of the award, not for the University/State retention period.



Why is Cost Share Monitoring Important?

- Once committed, cost share becomes binding and must officially be monitored and documented.
- Failure to meet commitment can have serious consequences.
- Captures unallowable cost share expenses quicker and ensures cost share expenses match proposed budget.
- Cost share spending should be monitored at least quarterly.
- Cost sharing can sometimes be seen as an audit risk.



Potential Consequence of not meeting Cost Share Commitment

- Sponsor may not accept invoices if cost share isn't reflected on it.
- Sponsor may disallow a prorated portion of UNC allowable expenses if our cost share commitment isn't met.
- Sponsor may consider UNC in default of award if our cost share commitment isn't met and could terminate the award.
- 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.



How are Cost Share Expenses Captured

- Cost share expenses should be captured when processing payments or personnel actions in ConnectCarolina.
- If you've already made a purchase and didn't record cost share at the time, you will need to do a correcting journal entry or correcting voucher journal entry in CC, backing out the charges and entering them again with the sponsored project information.
- Unrecovered overhead is captured automatically in the CC project costing module and a report is being created to document it properly.



Sample ConnectCarolina Cost Share Transaction

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

Business Unit	Fund	Source	Account	Dept ID
UNCCH	20101	12001	537110	463500

PC Business Unit	Project ID	PC Activity ID
CHOSR	5033746	1



Cost Share and Project Close Out

- Final financial report can not be completed and submitted, nor can project be officially closed out, until all cost share commitments are met or proof of reduction approval is received.





Questions?



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