



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL

3rd Annual Symposium for Research Administrators

Cost Sharing - Putting the Puzzle Pieces Together

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Why Is Cost Sharing Important?

Points to consider

- Same restrictions apply to cost sharing as on awarded funds
- Use of institutional resources
- Included in F&A rate proposal
- Subject to audit
 - Audit findings
 - Disallowed costs



WHERE TO START?





Cost Sharing Process

Step 1-COMMIT

- Propose
- Approve
- Review
- Submit



Step 2-RECORD

- Allowable
- Documented



Step 3-TRACK

- Commitment vs. Expenditure



Step 4-REPORT

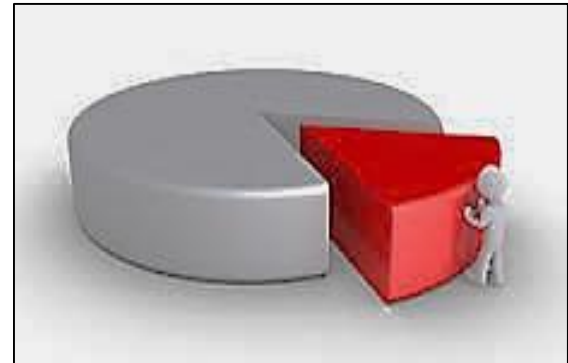
- To Sponsor
- Audits



Definition

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

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”



Types of Cost Sharing

1. **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



Types of Cost Sharing (cont.)

2. Voluntary Committed. Not required as a condition of the award but specifically (*in a quantifiable manner*) and voluntarily pledged (§200.99)

- Neither expected nor considered during proposal merit reviews unless explicitly specified in notice of funding opportunity (§200.306(a))
- Commitments usually found in budget and budget narrative/justification

Do not volunteer cost sharing of costs if at all possible

- *Costs will have to be tracked*
- *Subject to audit*



When to Record, Track and Report Cost Sharing



Required Cost Sharing and Voluntary Committed Cost Sharing included in a proposal are binding commitments of the university

If the proposal is funded, both of these types of cost sharing must be recorded, tracked and reported

Voluntary Uncommitted Cost Sharing (VUCS) is not subject to these requirements.



Sources of Cost Sharing: Direct Costs

Institutional Funding: Cash outlays under the direct control of the institution

- From non-sponsored projects
 - Examples
 - General institutional support
 - Departmental funds
 - Donation/gift funds
- From sponsored projects *only if* allowed by sponsor



Sources of Cost Sharing: Direct Costs

Cost Sharing *not* under direct control of institution

- Subrecipients with committed cost sharing
 - Similar to Institutional sources – should be reported on invoice
 - Reported per subaward agreement terms
- Other Third-Party Providers (§200.306(d)-(j))
 - Proposed and reported amounts based on fair market value of donated services, supplies and equipment*
 - Documented and tracked by institution per reports from providers and PI

* F&A proposal must exclude depreciation on donated equipment used for cost sharing (§200.436(c))



Sources of Cost Sharing: F&A

Cost-Shared F&A (§200.306(c))

Requires prior awarding agency approval if reduced or lost F&A are to be considered Cost Share

Include in proposal budget narrative/ justification

- Waived/Reduced F&A
 - Difference between F&A at the approved, federally negotiated F&A rate and the rate charged to the sponsor portion of direct costs
- Contributed F&A (clarification added)
 - F&A amounts associated with the cost-shared direct costs

Great way to claim cost share if allowed opportunity costs of unrecovered indirects



What Costs Are Allowable?

- Reasonable
- Necessary for performance of award
- Allocable
- Treated consistently across funding sources
- Per award terms and conditions
- Per institutional policies and procedures.

For guidance on Selected Items of Costs, see §200.420 through §200.475 of OMB Uniform Guidance.

What Costs Are NOT Allowable?

- Amounts above awarding agency salary caps or other spending limitations (\$185,100)
- 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



Cost Sharing Process



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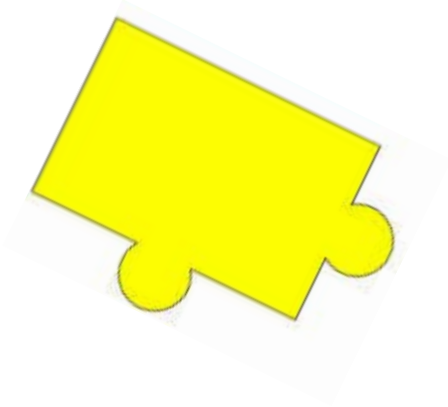


Step 4-REPORT

- To Sponsor
- Audits



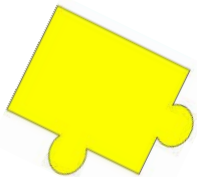
Pre-Award



Step 1

Committing Cost Sharing



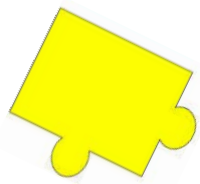


Cost Sharing: Best Practices

- Things to think about before committing cost sharing
 - Institutional priorities
 - Is this in the best interests of the institution and/or department?
 - Is there available funding to cover the cost share?

- Before cost share is committed determine the following:
 - Identify source of funding
 - Obtain commitments/approvals from providers
 - Obtain approvals from the department, division and institution
 - Request guidance from OSR if needed





Committing Cost Sharing: Best Practices

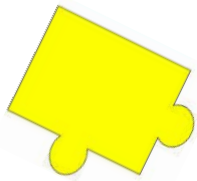
Procedures

- Counsel with OSR/SPO pre-award office to obtain sample wording for budget narrative, both to commit and to avoid cost sharing
- Ramses IPF contains a question on whether cost sharing is included in proposal

IF “YES”

- Required support/forms
 - Budget by categories of costs
 - Sources of funding identified
 - Written commitments from third-party providers
 - Basis for committed amounts
 - Institutional approvals





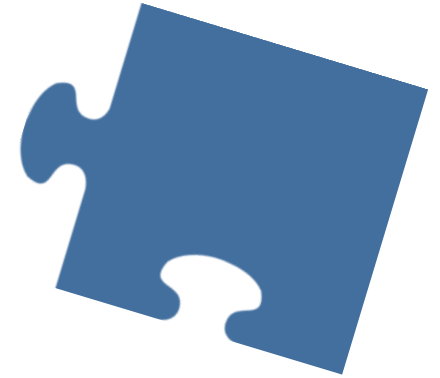
Committing Cost Sharing: Best Practices

Procedures (cont.)

- Pre-Award office
 - Reviews proposal, budget and budget narrative for compliance
 - agency requirements
 - institutional policy/procedures
 - Ensures budget narrative avoids unintended quantifiable commitments (i.e., voluntary committed cost sharing)



Post-Award



Step 2 Recording Cost Sharing





Recording Cost Sharing: Best Practices

- ALL proposed mandatory and voluntary committed cost sharing must be recorded, tracked and reported, if awarded
- The accounting system coding for recording cost sharing expenditures by award should be used
(Example: add CHOSR 5100001 1 to Chartfield string)





Recording Cost Sharing: Best Practices

Procedures (at time of award)

Communicating requirements and coding

- Notices of award and award set up indicate cost sharing is required
- Use PeopleSoft Chartfield String to note that expenses are cost shared
- Cost sharing commitment information should be readily available to PIs and departments
- Subaward agreements include all cost sharing for commitments in proposal
 - Amount
 - Cost categories
 - Frequency and method for reporting
 - Example: on monthly invoices



Post-Award

Step 3 Tracking Cost Sharing





Tracking Cost Sharing: Best Practices

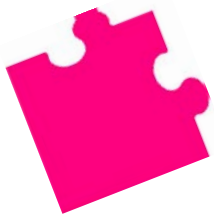
- Institution will track recorded cost sharing vs. commitments to ensure budgeted commitments are met
- Track expenditures in Connect Carolina
- Calculate unrecovered F&A if not in ledger
- Track third-party reported cost sharing
 - Follow up with providers to obtain needed reports
- Advise PI/department periodically of status of recorded amounts vs. budgeted cost sharing



Post-Award

Step 4 Reporting Cost Sharing





Reporting Cost Sharing: Best Practices

- Ensure we are in compliance with sponsor reporting requirements
- Maintain communication and coordinate between PI, Department, and OSR
 - Especially final reports
- Keep records per the University Policy



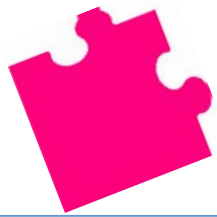


Reporting Cost Sharing: Best Practices

Procedures (reporting to sponsor)

- Frequency
 - During life of award: monthly; quarterly; annually
 - At Closeout: final
- Examples:
 - NIH: annual/final financial reports on eRA Commons
 - NSF: annual cost sharing report on NSF Fastlane
 - Pass-Thru Entity: monthly invoices





Reporting Cost Sharing: Best Practices

Procedures (audits)

Annual single audits

- Federal awards
 - OMB Uniform Guidance (previously OMB Circular A-133)

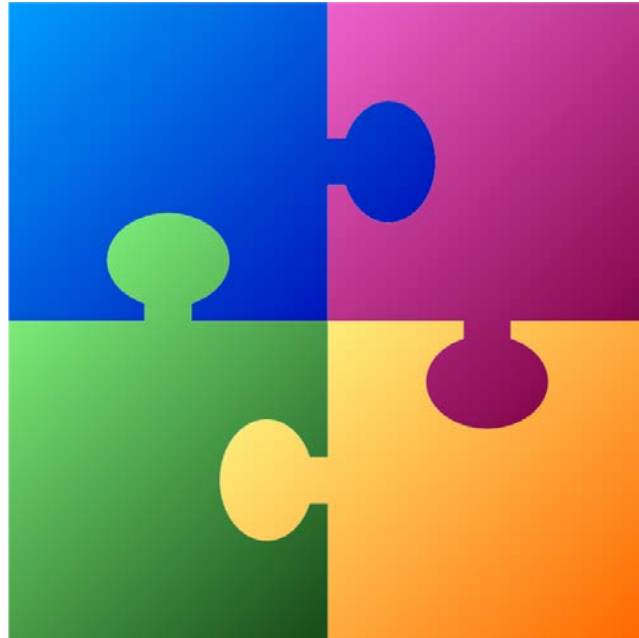


Other audits

- As requested by sponsors



The Completed Puzzle



Commit. Record. Track. Report.



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Resources

- **COFAR: Council on Financial Assistance Reform**
<https://cfo.gov/cofar>
 - for links to OMB Uniform Guidance (2 CFR Part 200)
- **A-133 Audit Compliance Supplement, 2014**
https://www.whitehouse.gov/omb/circulars_default/
 - 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)

