

University of Missouri System

Accounting Policies and Procedures



Policy Number: APM-60.30

Policy Name: Cost Share – Matching, Level of Effort, and Earmarking

General Policy and Procedure Overview

The University may be required by statute, sponsor guidelines, or voluntarily decide to share in the total cost of conducting a sponsored award. The University must maintain documentation on all award charges including committed cost share. This policy provides guidance to the University for recording and reporting cost share on externally funded awards.

Definition of Key Terms:

Cost Share (sometimes referred to as matching): A portion of total sponsored award costs provided by someone other than the sponsor. Cost share is further classified as either mandatory or voluntary (see definitions below).

Contributed Facilities & Administrative (F&A) Costs: F&A costs that are otherwise available to be recovered by the University, but the University has agreed to accept less than the full F&A rate.

Direct Cost: Costs paid by the sponsor that directly benefit, and are specifically associated with a sponsored award.

Effort: Compensated time spent, expressed as a percentage of total institutionally controlled time, that may be allocated among multiple activities funded by various funding sources.

Facilities and Administrative Cost (F&A or Indirect Cost): Costs incurred in support of sponsored awards that indirectly benefit, but is not specifically calculated for, a unique sponsored award and is allocated to sponsored awards based on a negotiated rate.

Mandatory Cost Share: An institutional contribution to a sponsored award required by the sponsor as a condition of obtaining the award. Note: Sponsor “encouraged” cost share that is not documented as a condition of receiving an award is not mandatory cost share.

Offset Funds: Funds made available to the University from non-federal sources that may be used for any approved University Outreach and Extension program. Unlike “cost share” offset funds are not limited in application to a specific program.

Salary Cap Cost Share: Cost share required because the salary of a person working on the sponsored award exceeds a sponsor-imposed limit for individual salaries. This is classified as mandatory cost share.

Third Party Cost Share: Contribution to a sponsored award provided by a party other than the University or the primary sponsor. Third party cost share may be in the form of cash, real property, equipment, supplies and other expendable material, salaries, or goods and services directly benefiting and specifically designated for the sponsored award.

Voluntary Committed Cost Share: Cost share not required by the sponsor that occurs when a proposal is submitted in which the proposal text, budget, budget justification, and/or scope of work states or implies that more work will be done than the sponsor is paying for.

Voluntary Uncommitted Cost Share: A contribution to a sponsored award neither required by the sponsor as a condition of obtaining the award, nor offered to the sponsor as part of the proposal or by any other official communication with the sponsor.

Detail Policy and Procedure:

The following discussion outlines requirements for cost sharing during the various life-cycles of a sponsored award. There is no requirement to document or track Voluntary Uncommitted Cost Share.

Proposal stage

Voluntary commitments in the proposal or the award are binding commitments and must be accounted for in any resulting award in accordance with this policy unless specifically excluded in the award document.

All mandatory or voluntary committed cost share must be agreed to by the Dean (or equivalent) of each respective department participating in the proposal to ensure commitment of University funds or third-party cost share. The Sponsored Programs Office (SPO) must obtain a commitment letter at the time of the proposal when a third party provides cost share on an award. Before submission of proposals, cost share must be evaluated for reasonableness whether stated in dollar amounts and/or percentages. A sponsor must agree to include contributed F&A costs as part of cost share.

Award Setup

Cost share budget must be entered into the Project Budget panels and MoCodes must be created for the ChartField strings for both the direct and cost share expenditures. The SPO will verify with the department(s) that the cost share ChartField strings entered with the proposal are correct.

All mandatory and voluntary committed cost share expenditures of a sponsored project must be properly verified, recorded and reported in the University accounting system. The SPO will review the proposal to ensure that all committed cost share has been documented in the budget lines of the project or elsewhere when provided by a third party. The SPO will review the award MoCodes to ensure that the ChartFields match those on the budget panels. The PI is responsible for notifying fiscal staff to establish payroll cost sharing.

SPO will establish a separate ProjectID if a project has cost share provided by another Business Unit. Any Project established for Cost Share only must identify the ProjectID and Business Unit in the Project Activity-Description Page for the related ProjectID. The SPO should include cost share from both Business Units when reporting cost share on such awards.

Normally, cost share is not allowed from another sponsored award. However, in some instances third party cost share may be provided by other non-federal awards. When cost share is provided by another sponsored award, budget is not entered into the budget page of the sponsored award requiring the cost share. A note is entered in the Project Activity Description page that identifies the amount and sponsored project that will provide the cost share. A similar note should be made in the Project Activity Description page for the project providing the cost share to prevent duplicate use of cost share dollars.

Post-award Processing

Recording

The PI must ensure committed cost share is documented in the financial system as follows:

- Record non-salary expenses to the award and cost share ChartField strings.
- Obtain and document third party cost share.

Cost share will generally be recorded in Fund 0000 and rarely in Fund 2100-2299 or from any federal appropriation.

Monitoring

Salary cost share commitments are typically based upon percent of effort. Some cost share commitments may be based on a fixed dollar amount. The PI along with the fiscal manager must ensure commitments of cost share are met in a timely manner consistent with the terms of the agreement, applicable regulations, and University Policy. The PI ensures that cost share is monitored in accordance with the billing requirements of the award and no less than quarterly. Committed cost share can be monitored using Budget Variance Report #8, and Income Statement #3 for monitoring cost share details.

The PI must obtain certification from the third party of the dollar value of cost share provided. This certification must include a statement that the cost share was allowable and consistent with OMB Circular A-21, Section K.

Award Closeout

The SPO should request a report of cost share from the subrecipient prior to closing out the award when subrecipients provide third party cost share.

Cost share is documented in the final financial report to the sponsor at the end of the award. The PI must provide verification to SPO that all expenses, including committed cost share amounts, have been recorded to the sponsored award. Contributed F&A will be calculated by the SPO and included in the final financial report. The PI must obtain certification from the third party of the dollar value of cost share provided.

The SPO must ensure that all cost share (including certification and documentation of allowable third party cost share) is included in the final report. The SPO will prepare the final financial report and/or invoice for review and approval by SPO management and the PI to ensure accuracy and completeness of required cost share documentation.

Responsibility:

Sponsored Programs Office (SPO)

- Ensure cost share commitments on the proposal meet the sponsor's cost share requirements, and commitments have been authorized by academic units
- Document budget for all committed cost share when awarded
- Provide the MoCodes for committed cost share
- Managerial review and approval of the final report and/or invoice

Principal Investigator/Department Administrator

- Provide commitment letter to SPO for third party cost share before submitting proposal
- Provide verification to SPO that all cost share requirements have been met
- Evaluate the workload implications of proposed cost share
- Identify, quantify, and record the mandatory cost share commitments
- Obtain commitments and initiate appropriate PAF changes to record committed cost share
- Review and approve the final report and/or invoice
- Obtain certification of third party cost share
- Review subrecipient invoices and obtain cost share certifications—provide to SPO

Effective Date: July 1, 2006

Revised Date: February 26, 2009

Questions and Comments?

Questions regarding interpretation and implementation of the Accounting Policy should be directed to the Campus Accounting Office. Suggested edits or revisions to the policy should be directed to the Office of the Controller.