

Augusta University

Policy Library

Policy on Cost Sharing or Matching

Policy Owner: Sponsored Program Administration

POLICY STATEMENT

The purpose of this policy is to provide guidelines on the proper tracking and reporting of cost-sharing and is applicable to both federal and non-federal sponsors.

Cost-sharing has a significant financial impact on the department providing the funds as well as on the Institution as a whole. Committed cost-sharing must be tracked and accounted for separately from other Institution funds and it must be included in the “Organized Research” base when calculating the Institution’s Facilities and Administrative (F&A) rate¹. Because cost-sharing can reduce the F&A rate, commitments should be kept to a minimum or only applied when stipulated by the sponsor. Augusta University requires that the appropriate F&A rate, in accordance with the institutionally approved Indirect Cost Rate Agreement be applied to sponsored programs proposals). Any deviations from the approved rates must be formally requested and approved prior to proposal submission. It is anticipated that such requests will be made and approved on a case-by-case basis. Any quantifiable cost (mandatory or voluntary) offered in the proposal becomes a legally binding and accountable commitment of the University upon award. Prior to making any formal commitments or changes to cost-sharing commitments to the sponsor the PI and/or the Departmental Administrator or research manager must consult with their DSPA Pre-award Officer.

Requirements

Cost-sharing commitments begin with the proposal. Cost-sharing commitments should be indicated when the proposal is routed and delineated in the budget submitted to the external sponsor. Cost-sharing commitments require approval by the Department Chair and Dean’s Office. Charges will be recorded against the sponsored and cost share accounts as directed by the Principal Investigator, on Personal Action Requests, check requests, et cetera. Principal Investigators and their departmental administrators are responsible for monitoring the activity in their cost-sharing accounts to ensure that charges are necessary, reasonable, allowable, and allocable.

Reducing Cost-sharing commitments: The actual effort and other costs required to accomplish the sponsored project may differ from what was proposed and awarded. If funds awarded differ from those proposed cost-sharing commitments should be reduced proportionately prior to an

¹ See Augusta University Facilities and Administrative Cost Policy:
<https://augusta.policytech.com/dotNet/documents/?docid=546&public=true>

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award being made. Similarly, for proposals which include multiple institutions cost-sharing contributions, obligations are anticipated to be proportionate to the funds being subcontracted.

AFFECTED STAKEHOLDERS

Indicate all entities and persons within the Enterprise that are affected by this policy:

- Alumni Faculty Graduate Students Health Professional Students
 Staff Undergraduate Students Vendors/Contractors Visitors
 Other:

DEFINITIONS

Cost-sharing or Matching: is the portion of a sponsored programs project expenses not borne by the sponsor. Both Federal and non-federal sponsors can stipulate cost-sharing or matching in proposal announcements and award terms and conditions. Expenses incurred to meet cost-sharing commitments bring the same accounting, financial, legal, and regulatory burdens as costs on Augusta University sponsored programs.

Committed Cost-sharing: includes mandatory cost-sharing and excludes voluntary uncommitted cost-sharing. When an award is made which includes committed cost-sharing, Augusta University agrees to ensure that the cost-sharing is funded and the obligation is met. Committed cost-sharing expenditures must be identified, administered, recorded, accounted for consistently, and reported as stipulated by the sponsor.

Unrecovered Indirect Costs: the difference between the amount of indirect costs charged to the award versus the amount which could have been charged had the applicable Augusta University Federally approved negotiated indirect cost rate been applied. Unrecovered indirect costs, including indirect costs on cost-sharing or matching may be included as part of cost-sharing or matching only with the prior approval of the awarding agency. In accordance with A-81 200.306 Prior Agency approval is required if Unrecovered Indirect Costs are to be used as part of the matching/cost-sharing.

PROCESS & PROCEDURES

Office of Management and Budget (OMB) Circular A-81: *Uniform Administrative Requirements, Cost Principles, and Audit Requirements² for Federal Awards*, requires that in order for expenditures to qualify as cost-sharing, a cost must meet the following criteria:

- must be necessary and reasonable for proper and efficient accomplishment of the project or program objectives;
- must be specifically identified in the approved budget and stipulated by the Federal or non- Federal awarding agency;

²See Electronic Code of Federal Regulations at: http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl

- must be allowable under OMB Uniform Guidance and must conform to other provisions of the Uniform Guidance, as applicable;
- must be verifiable in the Institution’s financial records;
- cannot be paid by the Federal government under another Federal award, except where the Federal statute authorizing a program specifically provides that Federal funds made available for such program can be applied to matching or cost-sharing requirements of other Federal programs
- cannot be used as cost-sharing on another Federal project or program; and
- costs representing salaries over regulatory caps, such as the National Institutes of Health salary cap, cannot be used to meet a cost-sharing commitment.

There are three categories of cost-sharing: **mandatory**, **voluntary committed** and **voluntary uncommitted**.

- i. **Mandatory cost-sharing:** is required by the sponsor as a condition of funding. It is described in the sponsor’s program announcement and noted in the award document or the approved budget. It must be included in the proposal as a condition of submission and receipt of award.
- ii. **Voluntary committed cost-sharing:** is not required by the sponsor, but is included in the proposal by the Principal Investigator either in the budget, budget justification or elsewhere in the proposal including the narrative. The **Federal Code of Regulations Section 200.306 Cost-sharing or Matching** states: “Under Federal research proposals, voluntary committed cost-sharing is not expected. It cannot be used as a factor during the merit review of applications or proposals, but may be considered if it is both in accordance with Federal awarding agency regulations and specified in a notice of funding opportunity. Criteria for considering voluntary committed cost-sharing and any other program policy factors that may be used to determine who may receive a Federal award must be explicitly described in the notice of funding opportunity.” Accordingly, while Augusta University discourages voluntary cost-sharing commitments.
- iii. **Voluntary uncommitted cost-sharing:** is a contributed resource that is not included in the proposal or award.

Roles and Responsibilities

Principal investigators (PIs): Are responsible for ensuring their proposals include only mandatory cost-sharing. The PI must make certain these costs are correctly represented in the budget, budget justification and scope of work, and are consistent with this policy and the sponsor’s guidelines. PIs are charged with identifying University and/or third-party resources that will be used to meet the cost-sharing commitment and with obtaining their Chair’s and Dean’s approval prior to routing the materials to the Division of Sponsored Program Administration. Upon receipt of an award the PI(s) must make sure the cost-sharing commitments are fulfilled and the cost-shared expenses are posted to the correct accounts.

Departmental Responsibilities: include: i.) reviewing the proposal narrative, budget, budget justification and other proposal components for cost-sharing commitments; ii.) whenever possible minimizing and eliminating cost-sharing by ensuring commitments are not made in

proposals unless required by the sponsor; iii.) providing documentation of approval of cost-sharing commitment on behalf of the departmental (e.g. Chair) and Dean); iv.) initiating and routing a cost share authorization form to establish and maintain necessary cost-sharing account(s); v.) ensuring that the same resources are not offered as cost-sharing on more than one project; vi.) managing the effort reporting process for committed cost-sharing and for ensuring that unallowable costs, such as salaries over regulatory caps, are not counted toward cost-sharing commitments; and vii) teaming with DSPA Post Award Services staff to ensure proper expenditure and tracking of cost-sharing commitments are met.

In circumstances where donated services are used for cost-sharing, the department is responsible for providing documentation of the fair market value for the services for review and approval by DSPA Post Award Services. The determination of allowability of the contribution of donated third party volunteer service or property (such as: professional services, equipment, office supplies, laboratory supplies, buildings or land.) will be made in accordance with OMB Circular A-81.

Division of Sponsored Programs Administration: is responsible for reviewing proposals to minimize or eliminate commitments of institutional resources and for ensuring that cost-sharing commitments are approved by the appropriate enterprise officials. Upon award, DSPA is responsible for requesting the initial cost share authorization form from the appropriate Department Administrator, ensuring that suitable accounts are provided from which cost-sharing has been pledged, and establishing and maintaining cost-sharing accounts within the institution's official financial management system. During and at the end of an award, DSPA is responsible for verifying and documenting that the cost-sharing commitment was met. DSPA is also responsible for including cost-sharing expenses in the indirect cost calculations, as appropriate.

REFERENCES & SUPPORTING DOCUMENTS

Cost Share Authorization Form

RELATED POLICIES

- Management and Administration of Sponsored Programs
- Facilities and Administrative Cost Policy
- Direct Charging Policy
- Cost Transfer Policy

APPROVED BY:

President, Augusta University and CEO, AU Health System Date: 01/27/2017