

## PROCEDURE

### I. COMMITTING COST SHARE

Approval for cost share should occur at the time of the proposal submission through inclusion in the grant budget. The Proposal Approval Form will automatically be routed to those responsible for the cost share approval and for commitment to cover additional cost overrun attributed to multi-year equipment match funding.

When including mandatory or voluntary committed cost sharing in any proposal, the costs included must be allowable as stated in Policy 6-x. When cost sharing is specifically required under the terms of a particular award, the principal investigator must include these committed mandatory cost sharing amounts in the proposal and in the proposed project budget. Similarly, when cost sharing is explicitly volunteered in the proposal, the principal investigator must include these committed voluntary cost sharing amounts in the proposal and in the proposed project budget. It is recommended that agreement on the commitment of cost sharing be discussed with the appropriate individuals prior to the proposal submission.

All committed cost sharing must be recorded in the People Soft proposal record thereby appearing on the University's Proposal Approval Form and approved by the appropriate department, college and University official.

### II. DEFINITIONS

**Committed cost sharing:** Cost sharing required by the sponsor (mandatory) and/or voluntary pledged (committed) and quantified in the proposal and the proposal budgets. Examples of expenditures that may be offered as voluntary committed cost sharing include personnel, materials, and supplies contributed to the completion of the project above the amount supported by the sponsor.

**Mandatory cost sharing:** cost sharing that is required by the sponsor as a condition of the award.

**Voluntary committed:** cost sharing that is not required by the sponsor but is quantified in the proposal's project description, budget and/or budget justification.

**Voluntary uncommitted cost sharing:** This is cost sharing that is neither mandatory nor voluntary committed. It represents contributions by the University to a sponsored project that were not required by the awarding sponsor and were

not volunteered in the University's proposal to the sponsor. Voluntary uncommitted cost sharing is not reported back to the sponsor. For instance, Voluntary Uncommitted cost sharing occurs when the Principal Investigator's effort is greater than what was committed in the proposal. For example, the proposal stated that the PI's effort would be 10%, but in reality, the PI's actual effort was 15%.

**In-Kind cost share:** Third party non cash contributions, this may include fair market value of volunteer services including fringe, donated supplies, donated space and donated equipment (taking into account depreciation); volunteer services associated F&A is not allowed (A-110, CFR 215 c.23.e)

**Cash cost share:** Contributions under the direct control of the recipient (i.e. cash, employee salary, & fringe benefits equipment purchased).

**Cost sharing from unrecovered facilities and administrative (F&A) costs:** Waived F&A costs on projects may be included as cost sharing only with the prior approval of the awarding agency per OMB Circular A-110 (CFR 215).

### III. ALLOWABLE COST SHARING

The allowability of specific costs as cost sharing is determined by the sponsor's specific award terms and conditions. Cost share expenses must meet the same standards that apply to cost that are directly charged to a project. When in doubt consult your department administrator or contract and grant administrator.

To be valid cost sharing, expenses must be:

- specifically allowable under OMB Circular A-21 (CFR 220), Section J. [http://www.whitehouse.gov/omb/rewrite/circulars/a021/a21\\_2004.html](http://www.whitehouse.gov/omb/rewrite/circulars/a021/a21_2004.html)
- Verifiable for University records.
- Identified in the approved award budget set up by RO.
- In compliance with the criteria outlined in Circular A-110 (CFR 215). <http://www.whitehouse.gov/omb/rewrite/circulars/a110/a110.html>
- Expense must be incurred during the effective dates of the grant. (Expenses may be posted after the end date of the grant as long as documentation can be provided that expense was incurred during the grant period).

*Note:* Other administrative and supporting expenses incurred within academic departments are allowable provided they meet the criteria of an unlike circumstance. This would include expenses such as the salaries of secretarial and clerical staffs, the salaries of administrative officers and assistants, travel, office supplies, and the like.

Allowable costs satisfy all the following criteria:

- Reasonable – necessary, prudent, consistent with institutional policies and practices. A prudent person would have purchased this item and paid this price.
- Allocable – incurred solely to advance the work under sponsored agreement, benefits are measurable. When the expense benefits more than one activity, an appropriate share can be identified to individual agreements.
- Necessary – the expense is required to fulfill the terms and needs of the sponsored agreement.
- Consistent treatment – like cost must be treated the same in like circumstances, as direct cost, F & A Cost, cost share.
- Not prohibited (unallowable) – the expense is not specifically prohibited by Circular A-21 (CFR 220), the terms of the sponsored agreement or other regulations.
- Allowable – acceptable per the agreement, regulations, and public law.

Examples of expenditures which may be used as cost sharing include:

- Faculty, staff, or student salaries and applicable fringe benefits.
- Laboratory supplies
- Travel (U.S. air carriers only)
- Overhead (F & A costs) on all allowable cost shared expenditures
- Unrecovered F & A, if approved by sponsor.

#### **IV. EFFORT COST SHARE**

Any effort committed to a sponsored project by a PI or other key personnel must be recorded in the University grants system as a commitment and subsequently recorded in the University financial system as the effort is met. This applies to both mandatory and voluntary committed effort. Any effort performed for a sponsored project which is not funded by that project is cost-sharing by definition.

#### **V. METHODS FOR DOCUMENTING COST SHARE**

**RECORDING COST SHARE VIA PROJECT ID:**

In order to record this cost-share effort, the project code must be used in whatever mechanism is used to generate that portion of the individual's salary. The individual is required to perform an after-the-fact review of their salary allocations to confirm that they actually performed the level of effort commensurate with the amount of pay which was allocated as cost-share. Voluntary uncommitted cost-share is not required to be reported.

#### LABOR ALLOCATION MODULE:

For employees whose salaries are allocated to financial transactions via the labor allocation module (LAM), that cost-share portion of their effort must be allocated appropriately via the LAM as a percentage of their total per pay amount. This is accomplished by inserting the award's project code on a LAM distribution line, along with the purpose code of the actual funding source. A LAM instruction document is available at [http://www.udel.edu/research/pdf/LAM\\_Training.pdf](http://www.udel.edu/research/pdf/LAM_Training.pdf).

#### OTHER FUNDING FORMS:

All funding mechanisms (S-contracts, JEDs, Grad non-contract pays & bi-weekly time reports), independent of the LAM, also have a field where the project code may be entered to designate the resulting financial transaction as cost-share to the given project.

#### JED:

For individuals paid via JED who also have active LAM distributions, cost-share projects are not required to be entered on the JED funding lines, but must be entered in the LAM. For individuals paid via JED who do not have active LAM distributions, the cost-share project must be entered in the JED funding lines.

S-contract, Grad non-contract pays and bi-weekly time reports: these forms never route through the LAM, so projects being cost-shared must be entered directly on those forms.

#### Journal Voucher:

When salary transaction transfers are processed via a journal voucher (JVs), projects for cost-shared amounts must also be included there in the credit/debit lines. JVs are the mechanism for correcting cost-shared effort retroactively.

#### EFFORT CERTIFICATION:

Effort reports will be generated semi-annually by the Effort Reporting System which collects actual salary allocation data from the general ledger. Any cost-share effort recorded there will be reflected as a percentage of the employee's total University effort, and the employee will have the opportunity to adjust those percentages to align them, in retrospect, with actual effort performed. Additionally, the effort report lists effort committed to each project to compare that with recorded effort in order to ensure that commitments are being met.

#### SALARY CAPS

Certain sponsors impose caps on the salary rates of individuals providing effort on their projects. If a researcher's pay rate is above the level allowable by the sponsor, the cost in excess of the salary cap must still be incurred and reported by the mechanisms described above in order to meet the amount of effort committed. However, this amount of effort in excess of the salary cap may not be counted as cost-share to the project because of the fact that it is unallowable by the sponsor.

## **VI. EQUIPMENT COST SHARE**

The University of Delaware has an annual equipment cost share budget. Any overrun amounts are proportionately divided among those colleges benefiting from the cost share during that fiscal year. In the case of cost share for center grants, only the units involved in benefiting from the match for the center proposals will be assessed the cost of the overrun amount.

If purchasing new equipment is a condition of the award equipment cost share must be included in the grant budget and indicated on the Proposal Approval Form, which will automatically be routed to those responsible for cost share approval and for commitment to cover any additional cost overrun attributed to multi-year equipment match funding.

Equipment Cost Share must be recorded and tracked during the award period. The RO provides a listing of recommended transaction queries to assist with tracking.

If equipment cost share funding is committed, a companion purpose may be obtained from the VP for Finance Office which will have the corresponding project code associated. If the RO commits cost share for equipment, the contract and grant administrator will request this companion purpose be established. If the RO has not committed cost share, the department administrator may request the establishment of a companion purpose from the VP for Finance Office.

## **VII. NON-EQUIPMENT COST SHARE**

To record non-equipment cost share each transaction should be associated with the project code for which the cost share must be tracked. Every webform available at the University of Delaware allows for the data entry of a project code when a non sponsored purpose is used for the expenditure.

## **VIII. THIRD PARTY COST SHARE**

PIs are responsible for tracking and obtaining backup financial documentation to ensure that cost share has been met. This should include:

- A letter from the contributor, on the contributor's letterhead, that includes:
  - The date written
  - The identifying project, such as the name of the grant and/or award number.
  - A description and dollar value of the contribution.

- Attached backup financial documentation indicating payment or receipt of cost share funds.

## **IX. UNALLOWABLE COST SHARING**

### **The following types of cost sharing are not allowed:**

- Expenses already reported as cost sharing on other projects. Cost sharing can only be committed and reported as cost share once. If cost sharing relates to two or more projects, it should be pro-rated among the projects so that, in total, it is only reported once.
- Expenses not allowable under award terms & conditions
- Federal to Federal – Federal appropriations or contracts and grant funded by Federal agencies, either directly or indirectly as flow-through funding, are not allowable as cost sharing for another Federal project. Federal contracts and grants may generally be used as cost sharing on any non-Federal contract or grant unless restricted by the non-Federal sponsor.
- Expenditures included in the Facilities and Administrative Rate – Costs that are included as part of the indirect cost rate, such as building and equipment depreciation, utilities, department administration, etc, cannot be cited as cost sharing expenditures. These costs are automatically cost-shared by the University when the direct costs of salaries and benefits are cost shared. Therefore, they cannot be cost shared “twice”.
- Costs incurred prior to Project Period: costs that have already been incurred and were documented in the University accounting system prior to the project award date are generally ineligible for cost sharing, unless allowed as pre-award costs.
- Lack of Technical Relationship – Costs that are not specifically related to the performance of the project cannot be cost shared. Therefore, if another University sponsored project or gift is identified as a cost sharing contribution, the technical relationship between the two (or more) projects must be established and documented.