

**NOVA SOUTHEASTERN UNIVERSITY
OFFICE OF GRANTS AND CONTRACTS
POLICIES AND PROCEDURES**

**AWARD MAINTENANCE
COST SHARING OR MATCHING
EFFECTIVE 12-01-08
POLICY #37
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PURPOSE:

This document defines University policy and procedures regarding cost sharing and third party contributions as they relate to sponsored projects. The purpose of this policy and procedure is to clarify what can and cannot be counted as costs that can be shared or matched, which should, in turn assist members of the university community with the development of appropriate and accurate budgets and documenting other sources of support for a particular project when submitting a proposal to an external funding source. This policy and procedure is further intended to establish the university's position regarding sharing in the cost of sponsored programs.

DEFINITIONS:

Matching- The terms "Matching" and "Cost Sharing" are often used interchangeably. Some federal agencies, however, distinguish between the two, with "matching" meaning a statutorily specified percentage, whether specified as a fixed or minimum percentage of non-Federal participation in allowable program or project costs that must be contributed by an award recipient in order to be eligible for Federal funding or a not-to-exceed percentage of Federal participation.

Cost Sharing - Cost sharing, on the other hand, refers to any situation in which the recipient shares in the cost of a project with the sponsor, whether mandatory or voluntary. The university allows the following as cost sharing: a) salaries and fringes; b) other direct costs; c) facilities and administrative costs; and d) depending on whether the sponsor allows this for a given type of project, pro-rata effort for salaries in excess of federal or state compensation limitations.

Mandatory Cost Sharing – Cost sharing required as a condition of an award or agreed to between the institution and the sponsor when negotiating a sponsored agreement. When this type of cost sharing is offered and the sponsored project is awarded, the cost sharing is required. Payroll does not account for cost sharing, but the time and effort certification system (ECRT) will provide a cost share percentage of effort on a sponsored account. This includes:

- Costs funded by the university from non-sponsored accounts, and certain nonfederal sponsor accounts, and not included as cost sharing for any other sponsor project;
- Cash and third party in-kind contributions that are verifiable in the university's accounting system and are not included as contributions for any other federally assisted project or program;
- Volunteer services provided by professional and technical personnel, consultants, and other skilled and unskilled labor if the services are an integral and necessary part of an approved project or program and are required by the award; and
- Grant-related income included in the approved project/program budget.

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Voluntary Cost Sharing - Cost sharing that is not required by the sponsoring agency, although it may be encouraged, is “voluntary.” However, if it is promised in NSU’s project application or proposal, it must be accounted for. Any promised voluntary effort must be entered and certified in ECRT. Once the commitment to provide cost share is made, it must be met. University policy does not allow voluntary cost share and instead considers it departmental research.

Committed Cost Sharing – This is cost sharing that is specifically identified and described in the proposal budget and made a condition of the award. Sponsors require that committed cost sharing be documented, tracked, and in some cases certified and reported.

Uncommitted Cost Sharing – This voluntary cost sharing that is not specifically committed in a proposal, and needs not be accounted for and documented. It is usually described as some general effort already in existence that will provide some non-quantifiable support to the project.

Third Party Contributions - Third party refers to an entity other than NSU that is contributing to the costs of the project. Examples of third party contributions that may be included as cost sharing or matching include donations of equipment from manufacturers and funding commitments from sub-recipient institutions. Third party contributions may also include supplies/materials, equipment, volunteer services and others, so long as the items meet the sponsor’s criteria for cost sharing.

In-kind Contributions: Represents the value of non-cash contributions, which may be in the form of charges for real property and nonexpendable personal property, provided by the university and third parties, and the value of goods and services directly benefiting and specifically identifiable to the project or program.

Project or Program Costs: All allowable costs as set forth in the applicable Cost Principles (OMB Circular A-21) incurred by the university, and the value of the contributions made by third parties, in accomplishing the objectives of the grant or other agreement during the project or program period. Project costs include mandatory cost sharing which can be direct or facilities and administrative (F&A) costs.

Allowable Costs: Costs are considered allowable if they meet a series of tests. Refer to Policy and Procedure No. 31, for a definition of Allowable Costs. The following tests include:

- They must be reasonable;
- They must be allowable;
- They must be allocable to sponsored agreements, that is, they are incurred solely to benefit the sponsored project;
- They must be given consistent treatment; an
- They must conform to any limitations or exclusions set forth in OMB circular A-21 or other terms in the sponsored agreement.

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POLICY:

It is the policy of the university to comply with the statutory requirement for mandatory cost sharing. This requirement is contained in the Appropriation Acts of Congress providing funds to the independent agencies, and is set forth in the following language:

None of the funds provided in this Act may be used for payment, through grants and contracts, to recipients that do not share in the cost of conducting research resulting from proposals for projects not specifically solicited by the Government. Provided, that the extent of the cost sharing by the recipient will reflect the mutuality of interest of the guarantee or contractor and the Government in the research.

All cost sharing or matching contributions, including cash and third party in-kind, must:

1. be verifiable from the recipient's records;
2. not be included as contributions for any other federally-assisted project or program;
3. be necessary and reasonable for proper and efficient accomplishment of project or program objectives;
4. be allowable under the applicable Federal cost principles; and
5. not be paid by the Federal government under another award, except where authorized by statute to be used for cost sharing or matching, are provided for in the approved budget.

It is the university's policy to allow mandatory cost sharing as required by sponsors, but not to allow voluntary cost sharing.

REFERENCES:

- NIH *Grants Policy Statement*,
- NSF *Proposal and Award Policies and Procedures Guide*, June 1, 2007, <http://nsf.gov/awards/managing/>.
- HHS *Grants Policy Statement*,
- OMB Circular A-110, 2 C.F.R. Part 215, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and other Non-Profit Organizations*.
- HHS 45 C.F.R. Part 74, [Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial Organizations](#).

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- DOC/NOAA 15 C.F.R. Part 14, [*Uniform Administrative Requirements for Awards and Subawards to Institutions of Higher Education, Hospitals, Other Nonprofit Organizations, and Commercial Organizations.*](#)
- OMB Circular A-21, 2 C.F.R. Part 220, *Cost Principles for Educational Institutions.*
- OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* <http://www.whitehouse.gov/omb/circulars/a133/a133.html>.

PROCEDURES:

Basic Requirements

1. Because the university's policy is to not allow voluntary cost sharing, such voluntary cost sharing should not be committed to on any proposal applications. Voluntary cost sharing is not in the best interests of the PI, department and/or university; therefore, it should not occur. Proposal applications including voluntary cost sharing will not be approved. Rather, in these situations, the OGC will speak with the PI/department, explain the university's policy on voluntary cost sharing, and assist the PI/department in correcting the proposal application.
2. The university will only commit to cost sharing that is mandatory, *i.e.*, required by the funding sponsor. When mandatory cost sharing occurs, the PI/department is encouraged to cost share supplies first and salaries last.
3. The university will maintain accounting records on all project-by-project mandatory cost sharing. Project-by-project mandatory cost sharing is identified as an amount or percentage in the award letter received from the awarding agency.
4. Unrecovered indirect costs may be included as part of cost sharing or matching only with the prior approval of the Federal awarding agency.
5. Values for contributions of services and property shall be established in accordance with the applicable cost principles.
6. If a Federal awarding agency authorizes the university to donate buildings or land for construction/facilities acquisition projects or long-term use, the value of the donated property for cost sharing or matching shall be the lesser of the following: (1) The certified value of the remaining life of the property recorded in the recipient's accounting records at the time of donation; or (2) The current fair market value. However, when there is sufficient justification, the Federal awarding agency may approve the use of the current fair market value of the donated property, even if it exceeds the certified value at the time of donation to the project.
7. Volunteer services furnished by professional and technical personnel, consultants, and other skilled

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and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the university. In those instances in which the required skills are not found in the university, rates shall be consistent with those paid for similar work in the labor market in which the university competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.

8. When an employer other than the university furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services are in the same skill for which the employee is normally paid.
9. Donated supplies may include such items as expendable equipment, office supplies, laboratory supplies or workshop and classroom supplies. Value assessed to donated supplies included in the cost sharing or matching share shall be reasonable and shall not exceed the fair market value of the property at the time of the donation.
10. The method used for determining cost sharing or matching for donated equipment, buildings and land for which title passes to the university may differ according to the purpose of the award, if either of the following apply: (1) If the purpose of the award is to assist the university in the acquisition of equipment, buildings or land, the total value of the donated property may be claimed as cost sharing or matching; or (2) If the purpose of the award is to support activities that require the use of equipment, buildings or land, normally only depreciation or use charges for equipment and buildings may be made. However, the full value of equipment or other capital assets and fair rental charges for land may be allowed, provided that the Federal awarding agency has approved the charges.
11. The value of donated property shall be determined in accordance with the usual accounting policies of the university, with the following qualifications: (1) The value of donated land and buildings shall not exceed its fair market value at the time of donation to the university as established by an independent appraiser (e.g., certified real property appraiser or General Services Administration representative) and certified by a responsible official of the university; (2) The value of donated equipment shall not exceed the fair market value of equipment of the same age and condition at the time of donation; (3) The value of donated space shall not exceed the fair rental value of comparable space as established by an independent appraisal of comparable space and facilities in a privately-owned building in the same locality; (4) The value of loaned equipment shall not exceed its fair rental value.
12. The following requirements pertain to the university's supporting records for in-kind contributions from third parties: (i) Volunteer services shall be documented and, to the extent feasible, supported by the same methods used by the university for its own employees; and (ii) The basis for determining the valuation for personal service, material, equipment, buildings and land shall be documented.

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13. Cost sharing of salary and wage costs is not considered direct salary costs, but should be included on the Effort Certification Report as part of the individual's 100 percent effort.
14. It is essential that all claims for mandatory cost sharing be accounted for by actual charges to the contract or grant involved. The related accounting procedures for recording the cost sharing commitments required by the award document are an integral part of the accounting system of the university.

Implementation

1. The OGC will work with CGA to ensure the set up of a separate sponsored sub-account under the award when mandatory cost sharing is included in the award document. All cost sharing expenses will be recorded in this sub-account. This system provides for the accumulation of all program expenditure under the award in order to provide a verifiable and auditable record for these types of costs.
2. The PI for a project or program is responsible for the allowableness and recording of costs funded by a sponsor as well as for the cost sharing expenses accumulated and reported under the award.
3. The OGC will work with CGA and the department to establish cost sharing budgets, identify funding accounts, and to request CGA set up recurring journal entries, if needed. The OGC will:
 - Provide CGA with the cost sharing direct cost budget which will be entered in the sponsored companion account. No facilities and administrative cost will be budgeted or recorded in the cost sharing sub-account.
 - Obtain from the department the account(s) funding the cost sharing companion account.
 - Approve expenditures to be recorded in the cost sharing companion account according to federal guidelines.
 - Direct CGA to set up recurring journal entries for the companion account; such as monthly funding entries.
4. After approval by OGC, the transactions for cost sharing will be submitted and recorded against the sub-account. The recurring journal entry will debit the funding account, and credit the sponsor companion account.

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5. Cash contributions must be verifiable in a non-sponsored university account. In-kind contributions must be verifiable by either obtaining letters from donors or by providing a basis for the computations of the contribution. The correspondence providing the basis for in-kind contributions must be submitted to CGA.