Cost Share

UM Policies
Policy 27003 – Cost Sharing/Matching

Forms
Third Party Commitment Form

Overview

Generally, it is expected that the sponsor of a sponsored research project would cover the costs incurred in carrying out the proposed project. However, there may be times that the University is required by statute, sponsor guidelines, or may voluntarily commit to share in the total cost of conducting work under a sponsored award. This is known as cost sharing or matching. Cost sharing is defined as a portion of the total sponsored award costs provided by someone other than the sponsor—usually represented by University funds or third-party commitments. OMB Uniform Guidance (“Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards”) provides guidance on what costs can be treated as cost sharing.

There are three main types of cost share: (1) mandatory, (2) voluntary committed, and (3) voluntary uncommitted. Mandatory cost share is defined as a contribution required by the sponsor as a condition of obtaining the award. These funds must be tracked and reported by the University. Voluntary committed cost share is not required by the sponsor but occurs when a proposal is submitted in which the budget or budget justification/narrative quantities or implies a financial contribution to the project by the university. These funds must be tracked and reported in a similar manner to mandatory cost share. Voluntary uncommitted cost share is a contribution to a sponsored award that is neither required by the sponsor nor implied in the proposal. These funds do not need to be tracked or reported to the sponsor.

Risk

If cost share requirements are not met, the sponsoring agency may require that we return sponsor funds. Additionally, failure to meet our cost share requirements results in non-compliance with our award agreement, the Uniform Guidance, and university policy.

Procedure

Principal Investigator (PI) – If cost share is not required by the sponsor, the PI should not state or imply in the proposal that University or third party resources (including, but not limited to, effort of personnel, use of equipment, or use of facilities) will be used to complete the scope of work. If cost share is required, then the PI must work to obtain commitments from either the division or department, Office of Research Internal Funding (e.g. PRIME funds), or a third party to secure the funding needed to cover our cost share requirement. If the proposal is awarded, the PI must review and either approve or reject the terms, conditions, and budget prior to execution of the award. After the fully-executed award is in place and the work is underway, the PI is responsible for the monthly or quarterly review of the project expenditures. As part of this review, the posted cost share expenses should be reviewed in order to determine allowability and allocability and to ensure that cost share requirements are being met.
Generally, if an expense is not allowable as a reimbursable expense from the sponsor, then it is not allowable as cost share. There are exceptions, so the PI or Department should consult with OSPA when developing the budget if there are questions about what is and is not allowable as cost share. At the conclusion of the project and prior to close out of the award, the PI is responsible for providing the OSPA Post-award Team with any certification letters of third-party cost share and certifying all expenses of the award, including cost share amounts.

**Department** – The Department determines from proposal guidelines whether cost share is required. If cost share is required, the Department includes the cost share commitment on the electronic Proposal Submission Routing Sheet (ePSRS), and identifies a Chartfield that is appropriate for cost share. For third-party cost share, the Department works with the PI to obtain the required letter(s) of commitment or **Third Party Cost Share Commitment Form** to provide to OSPA for the project file. In some circumstances, it may be appropriate for cost share to come from a non-federal grant, gift, or program income related expenses. The Department should contact OSPA with questions about the appropriateness of cost share sources.

The Department monitors the project to ensure that cost share expenses are properly recorded and that the cost share commitment is being met. If expenses are not properly recorded, the Department should initiate the appropriate corrective actions (e.g. Personnel Action Form (PAF) updates, correcting entries). For third-party cost share, the Department works with the PI to provide the required certification or other appropriate documentation to the OSPA Post-award Team for closeout and final reporting purposes (see **OMB Uniform Guidance 200.415, OMB Uniform Guidance 200.306** and UM Policy 27003).

**OSPA Senior Grants and Contracts Administrator (SGCA)** – At proposal, the SGCA reviews the sponsor guidelines to determine whether there is a cost share requirement (mandatory cost share). If either or both of these exist, the SGCA ensures that cost share is properly documented in both the proposal application and the ePSRS. The SGCA confirms that the ePSRS includes all required approvals.

If a cost share requirement is not included in the proposal guidelines and a voluntary commitment of cost share is made in the proposal, the SGCA works with the PI and Department to remove the commitment. In the rare circumstance that it is not possible to remove the voluntary commitment, the SGCA ensures that the appropriate approvals for the funding source are documented on the ePSRS prior to proposal submission.

If the cost share source is from a third party, the SGCA obtains the commitment letter or Third Party Commitment Form from the Department prior to proposal submission. When a proposal includes grant-to-grant cost share, the SGCA confirms that the grant being used as cost share is not federally funded (CFDA=XX,XXX) and is not used as cost share on another award.

At award, the SGCA completes a side-by-side comparison of the full notice of award and proposal. If the award includes the anticipated cost share commitment, the SGCA confirms with the Department the accuracy of the Chartfield identified on the ePSRS, maintaining documentation of this confirmation in the OSPA file.

If the award includes a cost share requirement not represented in the proposal, the SGCA works with the Department to determine whether to negotiate out the requirement or obtains a Chartfield and required approvals (e.g., PI, Chair, Dean).
Upon full execution of the award, the SGCA creates the necessary cost share MoCode(s), which is recorded in the Comments field of the Grant Award Summary.

**OSPA Post-award Team** – The Post-award Team ensures the cost share commitment has been met with allowable and allocable costs. If the cost share commitment has not been met, the Post-award Team works with the Department and sponsor to resolve any discrepancies.

The Post-award Team includes all cost share in the PI final cost certification at closeout. If required, a final certification letter from third party should be obtained. The Post-award Team documents the cost share in the final financial report as per the sponsor’s guidelines.

The Post-award Team works with the Compliance Team and the Department to ensure that salary posted is within the limitations set by the sponsor.

**Responsibilities**
Below is an outline of responsibilities as they relate to this process.

**PI:**

- Secure commitments of mandatory cost share at proposal.
- Carefully review proposal to ensure that no voluntary cost share commitments are made.
- Review expenses monthly or quarterly to ensure allowability and allocability and to monitor fulfillment of cost share requirement.
- Provide any documentation of third-party cost share to OSPA.
- Certify final expenditures in total (both sponsor portion and cost share portion).

**Department:**

- Determine from sponsor guidelines if cost share is required.
- Ensure appropriate Chartfield is noted on the PSRS and approvals for cost share budget are obtained.
- Work with PI to obtain commitment letter and final certification letter from third party or Prime funds.
- Monitor cost share to ensure commitment/requirement is met and retain documentation of cost share expenses in accordance with sponsor requirements, federal guidelines, and university policy.
- Initiate appropriate changes (PAF updates, correcting entries) to ensure the proper recording of cost share.

**OSPA:**

- Determine from sponsor guidelines if cost share is required.
- Confirm that appropriate approvals are obtained for cost share.
- Review proposal to ensure that no voluntary commitments are made.
- Confirm cost share Chartfield at award.
- Ensure cost share is accurately reported to the sponsor.
- At closeout, ensure that cost share obligations are met and obtain PI certification of all expenses.

**Need Help?**
If you have questions or comments about this procedure or the required form, contact OSPA at muresearchospa@missouri.edu or (573)-882-7560.

**Related Topics**
- Cost Transfers, Non-payroll
- Cost Transfers, Payroll
- DHHS Salary Cap

**Creation Date**
05/29/2013

**Latest Revision Date**
07/10/2018