

Cost Share

UM Policies

Business Policy Manual: [BPM 210](#), Sponsored Programs, Expending Funds

Accounting Policy Manual: [APM 60.30](#), Cost Share – Matching, Level of Effort, and Earmarking

Forms

None

Overview

The University may be required by statute or sponsor guidelines or may voluntarily decide to share in the total cost of conducting 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 Circular A-110](#) 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, budget justification, and/or scope of work states, quantifies, or implies that more work will be done than the sponsor is paying for. 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. Refer to [OMB Memoranda 01-06](#) for clarification of [OMB Circular A-21](#) treatment of voluntary uncommitted cost share.

Risk

If cost share requirements are not met, the sponsoring agency may reduce the amount of future funding or require a reimbursement of the sponsor funds.

Procedure

Principal Investigator (PI) – If cost share is not required by the sponsor, the PI should not include or imply in the proposal that University or third-party resources 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, [PRIME funds](#), or a third party. If the proposal is awarded, the PI is responsible for approving or rejecting the terms 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. When an award is at the closeout stage, the PI is responsible for providing the OSPA Post-award Teewith 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 required, the Department 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 to provide to OSPA for the project file.

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 Circular A-21, Section K.1](#), [OMB Circular A-110, Section 23\(A\)](#), and [APM 60.30](#)).

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) or sponsor-imposed salary limitation. If either or both of these exist, the SGCA ensures that cost share is properly documented in both the proposal application and the Proposal Submission Routing Sheet (PSRS). The SGCA confirms that the PSRS 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 ensures that the commitment is properly documented and approved on the PSRS prior to proposal submission.

If the cost share source is from a third party, the SGCA obtains a commitment letter 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 PSRS, 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 a cost share MoCode, 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.

OSPA Compliance Team –Once the agreement is fully executed, the Compliance Team confirms during award setup review that a cost share Chartfield is associated with the project or that letters of commitment for third-party cost share are included in the file.

The Office of Research notifies the Compliance Team as PRIME funds are awarded to a project by providing a copy of the commitment letter. The Compliance Team forwards the commitment letter to the assigned SGCA and the Post Award Team and the letter is retained in the OSPA project file.

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.
- Monitor cost share to ensure commitment/requirement is met and retain documentation of cost share expenses in accordance with sponsor requirements, federal guidelines, and MU 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 properly reported to sponsor and salary limitations are not exceeded.
- 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

05/29/2013