



University of Missouri

COLUMBIA · KANSAS CITY · ROLLA · ST. LOUIS

Fiscal Compliance Requirements
for Sponsored Programs
Cost Sharing

Published 2010

Learning Objectives

- Fiscal compliance requirements related to cost sharing
- Responsibility of Research Administrator and Principal Investigator (PI)
- Common issues and impact of non-compliance

Definitions

- Cost Sharing – the portion of a project’s costs **not** borne by the sponsor. Types include:
 - Mandatory – cost sharing required by the sponsor as a condition of award.
 - Voluntary – Committed – not initially required by sponsors, but has been implied based on inclusion in the budget or proposal narrative.
 - Voluntary – Uncommitted – arises after the award is in place.

Methods of Cost Sharing

- Internal
 - Salary and benefits – PI, faculty
 - Other – equipment, materials
- Third Party – other than University or sponsor
 - Subcontractor – work on award
 - Cash – donated funds
 - Other – donated services, materials

Compliance Requirements - General

Compliance requirements applicable to Cost Sharing include:

- OMB Circular **A-110** – Administrative Requirements
- OMB Circular **A-21** - Cost Principles for Educational Institutions
- UM System - **APM 60.30** – Cost Share
- Sponsor Guidelines

Compliance Requirements - General

- Cost sharing must be:
 - Allowable as a direct cost
 - Reasonable and Necessary
 - Allocable
 - Consistent treatment
 - Conforms to sponsor limitations
 - Incurred during the period of availability
 - Verifiable from the University's records
 - Only counted one time

Compliance Requirements - General

- Prior sponsor approval required if:
 - A federal award will be used to cost share on another federal award
 - Unrecovered Facilities & Administrative (F&A) costs will be used as cost share
 - Any unallowable costs are used to cost share
 - Cost sharing in different categories than budgeted
- Work with Sponsored Programs Office (SPO) for approval

Cost Sharing - Proposal

- Committed cost share must be approved
 - Mandatory or Voluntary
- Evaluate for reasonableness
 - Both \$\$ and % of total cost
 - Ability to meet proposed commitments along with existing commitments
- Ensure all cost sharing is clearly identified – direct or implied
 - Certain language and other wording implies the PI will commit effort

Cost Sharing – Award Set-up

- All internally committed cost share must be accounted for in the financial system
 - Mandatory and Voluntary - committed
 - Establish cost share ChartFields
 - Separate ProjectID if another University Business Unit
 - Project Activity Description pages used to track cost share provided by another sponsored award

Cost Sharing – During Award

- PI monthly managerial review to ensure cost sharing is:
 - Verified, recorded, and reported
 - Commitments are being met
 - Properly documented
- Effort reports include cost sharing
- Fund 0000 ordinarily used with ProjectID

Cost Sharing – Closeout

- Reported in final financial report
 - Unrecovered F&A calculated by SPO
- Certify allowability of costs
- Ensure all cost sharing is:
 - Met per commitments – both mandatory and voluntary
 - Allowable
 - Properly documented

Compliance Requirements - Third Party

- PI obtains a letter at proposal to quantify commitment
- Regularly monitor commitment status
 - Certification with each invoice
 - Invoice documents cost sharing portion
- Third party cost share is **not** tracked in the University's financial system
 - Part of PI managerial review
 - Department and SPO tracks in spreadsheet

Responsibilities

Activity	PI	Research Admin
Overall Compliance Responsibility	X	
Knowledge of Compliance Requirements	X	X
Attend Training	X	X
Administrative Financial Management	X	X
Approval of Cost Sharing	X	
Cost Sharing Commitments Met	X	
Documentation to Support Costs	X	X

Common Issues

- Unaware of implied commitments
- Unallowable costs used as cost sharing
 - Pre-approval not obtained for exceptions
 - Outside period of availability
- Commitments are not timely tracked or met
- Third party noncompliance

Impact of Non-Compliance

- Questioned or unallowable costs
- Repayments to the sponsor
- Fines and/or sanctions
- Subject to additional external audits
- Jeopardize future funding opportunities
- Damage to reputation

Concluding points

- Committed cost share—whether mandatory or voluntary—must be
 - Approved by Dean or equivalent
 - Allowable direct cost unless otherwise approved by sponsor
 - Met in accordance with award requirements
 - Monitored, quarterly at a minimum

Knowledge Check

- The following are three questions to reinforce concepts from this session.

Question 1:

1. Which of the following is not allowable as cost sharing unless prior sponsor approval is obtained?
 - a. PI Salary
 - b. Technical equipment necessary for the research
 - c. Unrecovered F&A costs
 - d. Travel costs to present the research findings at a conference

Question 2:

2. All committed cost sharing, whether mandatory or voluntary, is required to be tracked and met after the award is accepted.
- a. True
 - b. False

Question 3:

3. The PI does not need any approvals to use funds from a non-federal award to cost share on a proposal.
- a. True
 - b. False

Additional Information

- University Accounting Policy – [APM – Section 60](#)
 - [APM 60.30 – Cost Sharing](#)
- [Reference Guide for Sponsored Programs](#)
- Other related training available:
 - [Financial Compliance Training Website](#)
 - Contact your Sponsored Programs Office for departmental training sessions or further discussion

**Please Click Here to Complete
the Training Survey**