



| | | | |
|-----------------|---|-----------------------|-----------|
| SUBJECT: | Effective Date: | Policy Number: | |
| | Supersedes: 02/23/11 09/19/14 06/16/10 01/25/13 | Page | Of |
| | Responsible Authorities: Division of Research Director Research Accounting | | |

I. General Statement

Cost Sharing or matching is the portion of the total sponsored project costs that is not reimbursed by the sponsor. Cost sharing represents a commitment by the University or Third-Party (non-federal source) to a sponsored project in the form of dollars, effort, or in-kind contribution.

II. Purpose

The purpose of this policy is to establish procedures for Federal and Non-Federal sponsored projects and ensure that cost sharing requirements of sponsorM 1s(20 CFR, Part 220) Cost Principles for Educational Institutions, Cost Accounting Standards and Non-Federal sponsor guidelines (if applicable).

III. Background

Cost sharing typically requires the use of institutional funds and places a burden on the University and departmental resources. Once an award is made, ALL proposed cost sharing commitments are considered to be mandatory and represent binding obligations by the University regardless of whether cost sharing is mandated by the sponsor or voluntarily offered by the principal investigator.

IV. Types of Cost Sharing

Mandatory Cost Sharing is required by the sponsor as a condition of the award, as stated in the solicitation, program announcement, or RFP (Request for Proposal). Failure to include mandatory cost share in a proposal makes the application ineligible for an award.

Voluntary Committed Cost Sharing is cost share proposed by the University when it is not a specific requirement of the sponsor. When an award is received where there has been proposed voluntary committed cost sharing, the cost sharing becomes a binding commitment that the University must provide as part of the performance of the sponsored agreement.

Voluntary Uncommitted Cost Sharing is not required by the sponsor as a condition of the award and is not committed in the proposal budget. It is typically the PI's or other key researcher's effort that is over and above the effort committed and budgeted for in a sponsored agreement. Voluntary uncommitted cost sharing does not have to be documented.

University cost sharing commitment in the form of "effort" is discussed in detail in the Cost Sharing FAQs <http://www.fau.edu/research/ocg/generalinfo/faq.php>. Research Accounting is available to answer questions and provide assistance.

V. Kinds of Cost Sharing

1. Direct cost dollars
2. Effort percentage
3. In-kind Contributions
 - a) Donated property
 - b) Donated supplies
 - c) Tuition waivers
 - d) Unrecovered indirect costs
 - e) Volunteer services

VI. Policy

It is the policy of Florida Atlantic University to include only mandatory cost sharing in proposals submitted to sponsors. If cost sharing is not required by the sponsor or necessary for the completion of the project, then principal investigators should not make such commitments.

Mandatory and voluntary cost sharing must be documented in an Institutional Contribution Statement http://www.fau.edu/research/docs/forms/sponsoredprogs/institutional_contribution.xls

that is reviewed by the sponsor and approved by the sponsor's research administrator.

the sponsored project, then the effort committed must be treated and documented as cost sharing.

The minimum 1% effort requirement for the PI or key personnel does not apply to

Equipment and instrumentation grants

Doctoral dissertation grants or other student augmentation grants

Faculty mentors (also known as preceptors or program faculty) on institutional training grants

- o Faculty mentor's effort will be assigned to their specific research projects on which the trainees are involved

1. Being clear in the proposal submission about what is being cost shared or matched
2. Verifying that mandatory and/or voluntary cost sharing has been met
3. Contacting Sponsored Programs and Research Accounting if they are unable to meet all of the cost sharing committed for their project
4. Obtaining letters from third-parties, periodically and at the end of the project, that document the actual cost of contribution of third-parties to the project

Principal Investigators and the office of Sponsored Programs are responsible for valuating in kind cost share commitments in accordance with the standards set forth in Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations OMB Circular A-110. Principal Investigators and departmental designees are responsible for reviewing departmental ledgers on a monthly basis to ensure that costs charged to the cost sharing accounts are allowable, reasonable, and allocable.

Research Accounting is responsible for monitoring and reporting cost share expenditures for research projects to sponsors. Cost Share Status Reports will be sent bi-annually to Principal Investigators and department budget coordinators.

VIII. Definitions

Unrecovered Indirect Costs is the difference between the F&A rate (indirect cost rate) approved by FAU's cognizant audit agency (DHHS) and the F&A rate (indirect cost rate) that the sponsor will allow. The difference, also known as the foregone indirect, may be used as cost share only if unrecovered indirect cost is explicitly approved by the sponsor. In addition, unrecovered indirect costs applicable to cost-shared salaries & benefits, OPS and expenses items may be allowed if explicitly approved by the sponsor.

Voluntary Committed Cost Sharing is cost share proposed by the University when it is not a specific requirement of the sponsor. When an award that proposed cost sharing is received, the cost sharing obligation becomes a binding commitment that the U

9. Monitor cost sharing expenditures. The percentage of the costs charged to the project should normally be proportionately charged to both the award and the cost sharing accounts. Notify the offices of Sponsored Programs and Research Accounting if the amount of cost sharing stated in the proposal and/or notice of award cannot be met.
10. Ensure that the Cost Share Obligation has been met at the end of the project.

Sponsored Programs

1. Review the Solicitation, Program Announcement or RFP to determine if cost sharing is mandatory for the project.
2. Review the proposal budget for mandatory and voluntary committed cost sharing. Verify the accuracy of the cost sharing budget.
3. Incorporate appropriate cost sharing requirements in subcontract agreements.
4. Verify that the Institutional Contribution Statement's budget mirrors the proposal budget for FAU's portion of cost sharing.
5. Verify that the Institutional Contribution Statement contains signature approvals from the Department Chair, College Dean, Foundation (if funded with Foundation), and Provost/Campus VP (if funding is provided by the Provost/Campus VP) for the cost sharing in the proposal.
6. Verify that the source of funding for cost sharing in the Institutional Contribution

4. Compute the appropriate amount of unrecovered indirect costs, if it is explicitly authorized to be included in the total cost sharing amount reported.
5. Process the transfer of funds necessary from overhead account to the cost sharing account at the end of the project, when the source of cost sharing funds comes from overhead accounts.
6. Close out overhead cost sharing accounts when applicable along with FAU project accounts using the standard closeout procedures.

X. Annual Review of Procedures

The Cost Sharing Policy will be reviewed annually.

POLICY APPROVAL

Initiating Authority

Signature: _____ Date: _____

Daniel Flynn, Vice President for Research

Executed signature pages are available in the Research Accounting Office