

Prepared by the Office of Research Services
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A8.900 Accounting for Research & Training Contracts & Grants

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A8.947 Accounting for Cost Sharing

1. Purpose

To define cost sharing and ensure that all committed cost sharing on extramurally sponsored projects are accounted for in compliance with federal regulations or specific terms and conditions of the award.

2. Objectives

To establish guidelines and procedures for committing, accounting, and reporting the cost sharing.

3. Definitions

- Cost sharing - sharing of project costs that are from sources other than what has been awarded by the funding agency for the project
- Mandatory cost sharing - refers to that portion of the University contribution that is required by the terms of the project's Request for Proposal or Application or mandated by legislation or regulation
- Voluntary cost sharing - refers to University-initiated contributions to a sponsored project that are reflected in the proposal budget or narrative at the time of proposal submission; cost sharing not required by the funding agency
- Committed cost sharing - refers to any cost sharing that has been specifically committed to a project, whether mandatory or voluntary, and that must be budgeted, accounted for, and recorded properly in the University's financial system
- Voluntary uncommitted cost sharing (VUCS)- refers to effort or other contributions provided to the project that are above and beyond any commitments made in the proposal budget or narrative

at the time of proposal submission. VUCS is not required to be tracked and shall not be accounted for in the University's financial system.

4. Responsibility

- a. Principal Investigators (PI) have the primary responsibility for ensuring that cost sharing commitments are realistic, properly approved and committed amounts are met. PIs are also responsible to ensure that committed cost sharing is properly recorded in the University's financial system and that proper supporting documentation is maintained by the Project.
- b. Fiscal Administrators (FA) are responsible for working with the PI to develop the budget for the committed cost share and working with the PI to record the cost sharing amounts to the University's financial system. FAs are responsible for ensuring that entries are complete, recorded timely and use the proper cost share sub-account and designated object codes. FAs should communicate with PIs on cost sharing issues and at closeout are responsible for confirming the final cost sharing amount and ensuring that it is properly recorded in the University's financial system.
- c. Office of Research Services (ORS) is responsible for oversight of the University's cost sharing activities and performing periodic monitoring activities on a test basis, as deemed necessary. Generates annual cost sharing effort certification reports for appropriate approval. ORS is responsible for reporting the final cost share amounts to the funding agencies.
- d. Dean/Director (or Chancellor if applicable) - is responsible for reviewing and approving requests for cost sharing commitments and oversees PIs to ensure commitments are met.

5. Guidelines

a. Committing Funds

- (1) Only non-federal funds may be used to share costs (i.e., General, Revolving, or Special Funds).

- (a) Trust Funds may be used for cost sharing only with the written approval of the trust fund sponsor.
 - (2) In proposing cost sharing commitments, the PI should be conservative and realistic in the effort to satisfy the funding agency's requirements. Commitments must be commensurate with available resources and represent achievable goals. Committed cost sharing includes mandatory and voluntary cost sharing identified in the project proposal.
 - (3) If reduced contract or grant amounts are negotiated, the PI should ensure that cost sharing commitments are reduced proportionately.
 - (4) The University's cost sharing system shall not be used to track voluntary uncommitted cost sharing. However, see 5.b.(3)(e) Determining Shared Personnel Costs for how to handle situations where paid effort switches to unpaid effort.
 - (5) When it appears that cost sharing commitments will not be met (this should be rare), the PI shall notify ORS Contracts & Grants Specialist and contact the sponsor to discuss corrective action to be taken to become compliant.
- b. Allowable Grantee Contribution (OMB Circular A-110/Uniform Guidance)

(1) Costs must (be):

- (a) Verifiable from University records,
- (b) Not included as a contribution (for cost sharing purposes) for any other sponsored project,
- (c) Necessary and reasonable for proper and efficient accomplishment of project objectives,
- (d) Allowable under applicable cost principles,
- (e) Not paid by the federal government under another award (except where authorized by statute), and
- (f) Provided for in the budget approved by the sponsor.

(2) Further information on allowable cost sharing can be found in the Cost Sharing frequently asked questions (FAQ) at www.ors.hawaii.edu/index.php/start-up-a-manage/80-apply/134-cost-sharing

(3) Determining Shared Personnel Costs:

- (a) Grantee (UH) share for personnel services should represent the effort directly related to the project.
- (b) In accounting for shared personnel costs, an individual's "total effort" (cost shared effort plus other UH duties such as teaching, research, or administration) cannot exceed 100% of the standard workload for that person's job classification.
- (c) Where the effort of committed personnel changes , the following guidelines shall apply:
 - a. Where the effort of a key person changes or the amount of PI effort is reduced by 25% or more, the sponsor shall be notified of the change. Key person shall mean anyone identified as key personnel in the award or in the proposal.
 - b. Where paid effort (i.e., paid by the sponsor of the respective grant) of the PI or other key personnel changes to unpaid effort (i.e., paid from institutional funds such as general funds, RTRF or tuition & fee special funds) and the effort commitment is not reduced, the unpaid effort shall be tracked in the cost sharing system. Furthermore, changes to paid effort shall be subject to the approval of the Dean/Director or Chancellor.

6. Procedures

a. Principal Investigator

- (1) Obtains approval of the Dean/Director, or Chancellor if applicable, for cost sharing commitments whether

contemplated at the proposal stage or as a result from a change from paid to unpaid effort.

- (2) Updates and corrects data within the University financial system cost sharing subaccount as necessary.
- (3) Initiates follow up for over/under commitments.
- (4) Initiates follow up with sponsor and notify ORS Contracts & Grants Specialist when cost sharing commitments will not be able to be met and adheres to corrective action prescribed.
- (5) Verifies the accuracy and completeness of cost shared salaries with the assistance of the FA before approving/certifying the annual cost share report.
- (6) Provides supporting documentation for cost shared amounts when necessary, such as during audits of project costs.

b. Fiscal Administrator

- (1) Assists the PI with verifying the accuracy and completeness of cost shared salaries in the annual cost share report.
- (2) Maintains and updates the cost sharing subaccount in the University financial system on a timely basis so that the cost sharing information is available for ORS Fiscal Accounting to report when required for interim financial reporting purposes.
- (3) Prior to ORS submission of financial reporting at project closeout, confirms to ORS Fiscal Accounting that the data in the cost sharing subaccount is complete and ready for final reporting to the funding agency.

c. Dean/Director (or Chancellor, if applicable)

- (1) Reviews and approves requests for cost sharing commitments of resources, including changes from paid to unpaid effort, under their purview.
- (2) Secures and provides necessary resources to meet the cost sharing commitment should the PI receive the award.
- (3) Oversees PI cost sharing and ensures that commitments are met.

d. ORS

- (1) Creates cost sharing subaccount in University's financial system.
- (2) Notifies FAs of the funding agency requirements for periodic cost sharing reporting.
- (3) Provides guidance on recording cost sharing entries to the University's financial system.

- (4) Assists PI and FA with coordinating post award cost sharing changes with the sponsor that requires prior approval or notification.
- (5) Generates annual cost sharing effort certification report for review and approval.
- (6) Provides oversight on cost sharing reporting as required by the sponsor
- (7) Ensures that the final cost sharing data is reported to the funding agency in a timely manner.