Summary

- Definitions and distinctions
- Impact on F&A rate calculations
- Requirements and best practices
- Academic Department tracking
- EFS and Cost Sharing
Definitions

- Portion of project/program costs not borne by the sponsor (i.e., must be paid from institutional non-sponsored accounts)
  - Verifiable from recipient's records
  - Not included as contribution for another federal project
  - Necessary and reasonable for the project
  - Allowable under applicable cost principles (A-21)
  - Not paid by Fed Government under another award
  - Provided in approved budget (when required by sponsor)
Definitions – U Policy

- **Mandatory** – Sponsor driven, required by sponsor as a condition for proposal submission
- **Voluntary** – Investigator driven, not required by the sponsor as a condition for proposal submission
- **Committed** – Mandatory or Voluntary C/S pledged in proposal budget, budget justification or stated in award documents
- **Uncommitted** – Voluntary C/S not pledged in proposal and not in award documents
University Distinctions

- **Cost sharing** - labor costs (example = payroll and fringe)
- **Matching** - nonlabor costs (example = equipment or supplies). Cash matches are usually required by sponsors for equipment acquisition programs, specialized research centers, or other multi-disciplinary programs. Typically these funds are provided by the institution.
- **In-Kind** - interchangeable with "matching" but the term may refer to costs borne by an external organization, for example when individuals at another organization volunteer their time. (example = use of an auditorium - not owned by the University-at no charge)
Impact on F&A Calculations

- Per A-21, Labor Cost sharing “benefits” research mission of the Institution.
- F & A rate is calculated by dividing Indirect Costs (numerator) by the Organized Research costs (denominator).
- Mandatory and Voluntary Committed cost sharing must be added to the Organized Research base.
Continue F & A Impact

- $14.3 million in cost sharing was added to the Organized research base in our most recent F & A rate proposal. (5% increase to base)
- Cost sharing reduced our most recent proposed F & A rate by 1%
- Voluntary cost sharing is discouraged because it decreases the proposed F & A rate
- Must honor Mandatory cost sharing
Reportable to the Sponsor vs. Non-reportable

- Tracking for the academic department is the same regardless of whether the cost share is reportable to the sponsor or non-reportable.

- Auditors (sponsor, federal and, state) do request to see cost share documentation. This documentation should be available for their review at any time.
What is cost share documentation?

- **Cost share**
  - Effort card is the documentation

- **Matching**
  - The original source documentation for the expense is the documentation (i.e. invoice)

- **Inkind (3rd party) contributions**
  - Obtain a letter of intent and a letter of actual completion
  - The letter of completion should include; who, what, why, when, where and how much

- **Cost share in the form of IDC**
  - Download from the data warehouse or financial reports on the web
Best Practices and Who is Responsible

- Throughout the life of a project, the Academic department must track and document cost share to ensure the obligation will be met (separate org or spreadsheet)
  - Reportable – Academic department is responsible for tracking and documenting, SFR only reports to the sponsor
  - Non-reportable – Academic department is responsible for tracking and documenting, it is not reported to the sponsor
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General Comments

- Document any changes in cost share obligations and obtain sponsor approval if required
- SFR reports cost share up to the required amount. Cost share above the awarded amount is not required and is not reported
- If the required amount of cost share is not met, the department runs the risk of the award being reduced by the sponsor
- All documentation must be retained for the same length of time as the grant file
EFS and Cost Share, Match, Inkind

- A cost share budget will be established on the award including the chart strings, without a budget expense transactions will not pass Commitment Control!
- Cost share in the form of effort will need to be set up as a payroll distribution line
  - Fund → DeptID → Account → Program → Project
- Cost share in the form of non payroll expenses will need same chartfields
- Inkind of will be tracked using a notes section in Projects
- If the chartfields are not entered, a correcting document will need to be created!
### Project Information

- **Project Number:** 000006
- **Contract Number:** CON00000000031
- **Sponsor:** National Institutes of Health
- **Department:** Pharmacology
- **Project Title:** Effects of Insulin on Laboratory Rats
- **Project Start Date:** 01/01/2007
- **Project End Date:** 12/31/2012

### Actuals

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#### TOTAL

- **Budget:** 38,000.00
- **Commitments:** 7,645.98
- **Expenses:** 2,800.00
- **Expense:** 0.00
- **Vendors:** Joe’s Med Equip
Resources

- [http://www.controller.umn.edu/SFR/sponsored_reporting.htm](http://www.controller.umn.edu/SFR/sponsored_reporting.htm) for sample letter and spreadsheet
- Kevin McKoskey [kevin@umn.edu](mailto:kevin@umn.edu)
- Sue Paulson [spaul@umn.edu](mailto:spaul@umn.edu)