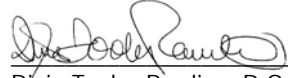
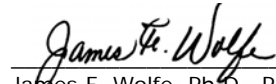


# Edward Via Virginia College of Osteopathic Medicine

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## COST SHARING ON SPONSORED PROJECTS

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### **Purpose**

The purpose of this policy is to present the College's guidelines regarding sharing in the costs of sponsored research projects.

Cost sharing refers to that portion of sponsored project costs that is borne by the College. To qualify as cost sharing, a cost must be: 1) verifiable from the college's records, 2) necessary and reasonable for proper and efficient accomplishment of the project, and 3) allowable under federal cost principles and administrative regulations (OMB Circulars A-21 and A-110). All mandatory and non-mandatory cost sharing must be adequately documented in the Business Office's records.

## **General Statement**

Some sponsored projects require that the College participate to some extent in the total cost of the project. Cost sharing or matching (the terms may be used interchangeably) represent the use of institutional funds to supplement project costs not borne by the sponsoring agency.

The policy of the College is to make a cost sharing commitment **only** when required by the sponsor or by the competitive nature of the award, and then to cost share only to the extent necessary to meet the specific requirements of the sponsored project. The cost sharing commitment must be included on the *Grant and Proposal Approval Form* and in the proposed budget. The Office of Research Administration and the Dean & Vice President of Academic Affairs must approve the cost sharing commitment on the *Cost Share Form*.

## **Cost Sharing Obligation**

There are several instances in the application and award process when the College may incur a cost sharing obligation. All types of cost sharing described below must be documented and identifiable in the College's accounting system. Please note that agreement on the distribution of cost sharing commitments must be reached prior to the proposal submission.

### ***Grant / Proposal Submission***

Cost sharing may be committed in the application to the sponsor for the following reasons: 1) the sponsor (or a particular program of the sponsor) requires cost sharing as a condition of applying for an award, and/or 2) the College makes a commitment of cost sharing for competitive purposes. In both of these situations, cost sharing is quantified in the application budget and becomes the basis for the sponsor's award.

### ***Negotiation and Receipt of Award***

Cost sharing not quantified in the original application budget may subsequently be contributed by the College because the sponsor funds are not sufficient to perform the agreed upon scope of work. Examples of this type of cost sharing obligation include:

1. The sponsor does not fund the project at the level requested in the budget and the full amount is needed to accomplish the scope of work. College resources are committed to the project.
2. When the costs of a project exceed its budget, the amount of the cost overrun will be covered by College sources and must be identified as cost sharing.

### ***Determining a Cost Sharing Obligation***

Upon receipt of award, ORA will compare the awarded budget to the proposed budget. If the award is less than the proposed budget, ORA will contact the PI and the CFO to determine whether or not the College has incurred a cost sharing obligation. The amount of any obligation included in the original application and/or subsequently through negotiation must be documented along with the source of funds by account number. Revised budgets may be required.

## **Sources of Cost Share**

Cost sharing may be met from the following sources:

1. College funds provided for the benefit of the specific project (i.e., administrative and department accounts). These must be approved in advance.

2. Unfunded or waived indirect costs are indirect costs that are otherwise available to be recovered but the College has to agree to accept less than the full amount. The difference between the indirect costs accepted and the amount at the full rate may be used as cost sharing if approved by the sponsor.

In some circumstances, the sponsor does not reimburse indirect at the full rate due to sponsor policy, government legislation, or terms of the agreement. If the difference is to be used as cost share, it must be approved by the sponsor and VCOM.

In addition, when direct costs are shared, the College will cost share the associated indirect costs. This will be calculated by Business Office Accounting.

3. Third-party contributions (support from a non-College source).

### **Criteria for Cost Share**

To be acceptable as cost sharing, an expenditure **must** satisfy all of the following criteria:

1. Be verifiable from official College records,
2. Not be used as cost sharing for any other sponsored project,
3. Be necessary and reasonable for proper and efficient accomplishment of project objectives,
4. Be allowable under the applicable cost principles, OMB Circular A-21 and A-110,
5. Be itemized in the approved budget if it is a requirement of the sponsor, and
6. Be incurred during the effective dates of the grant or contract.

### ***Acceptable Expenditures***

In general, costs normally treated as direct costs on sponsored projects may be used to meet a cost sharing obligation; costs normally treated as indirect on sponsored projects may not.

Examples of expenditures that **may be used** as cost sharing include:

- o Faculty, staff, or student salaries and applicable fringe benefits
- o Laboratory supplies
- o Travel

Examples of expenditures that **may not be used** as cost sharing are:

- o Indirect expenditures such as administrative salaries and office supplies
- o Unallowable costs such as alcoholic beverages, entertainment, and memberships in community organizations

### **Documenting Cost Sharing**

All cost sharing must be documented and readily identifiable in the College accounting system. Documentation is the responsibility of the ORA. The method of documentation is determined by the requirement of the sponsored agreement.

### ***Individual Project Reporting***

Accounting / Documenting: Cost sharing required by a sponsor must be reported to that sponsor on a project-by-project basis. As such, a separate cost sharing account for each project, corresponding to the ORA's documentation, will be established by the Business

Office. The Business Office's account will have a unique series to identify each as cost sharing accounts, as well as tie those accounts to the respective project.

Charging Funds: When an award is received by the ORA, cost-sharing obligations will be identified. If salaries are determined to be part of the cost-sharing, the Business Office will be notified and that portion of the salary will be charged to the new cost-sharing account. Cost-sharing charges will also be included on the Effort Reporting Form.

### ***Equipment Used as Cost Share***

Federal cost principles (A-21) allow universities and colleges to calculate a depreciation allowance on equipment purchased with non-federal funds. This amount becomes a part of the facilities component which contributes to the College's indirect cost rate. However, when an item of equipment is purchased on whole or in part with non-federal funds and is cost shared on a federally-funded project, the College is not allowed to include the depreciation allowance normally associated with the item of equipment in the indirect cost rate calculation. As such, this type of transaction will have a negative effect on the indirect cost rate. Therefore, these factors must be weighed carefully before committing non-federal funds towards the purchase of equipment to be used as cost sharing on a federally-funded project.